

Regional and County Library Systems (Systems) must ensure that the procedures required by Georgia Public Library Services (GPLS) are performed when electing to secure an Agreed-Upon Procedures engagement rather than a full audit. The following procedures are required by all Systems, other than those electing to have a full audit, to assist in assessing the accuracy of financial information reported in the System's Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, as reported to GPLS for the fiscal year ended June 30, 2018.

1. Obtain electronic files containing the System's working trial balance, general ledger and fund level financial statements and verify: beginning fund balances agree with prior year ending fund balances as submitted to GPLS, and amounts reported in the fund financial statements agree to underlying trial balance and general ledger account balances.
2. Verify cash on deposit at financial institutions as well as petty cash are reconciled and agree to the System's general ledger and amounts reported to GPLS for the year ended June 30, 2018. Also, randomly select one other month for verification that reconciliation was performed to reconcile cash per the financial institution to the general ledger. Testing should include: confirmation of account balances on June 30, 2018, testing timeliness of reconciliations, tracing of outstanding checks and deposits in-transit through August of 2018, and documentation supporting proper treatment of outstanding items in accordance with State unclaimed property laws.
3. Verify investments and cash on deposit at year end were in accordance with provisions of State law and verify deposits were properly collateralized at June 30, 2018.
4. Perform a test of fifteen receipts (including but not limited to fines, fees, Federal, State and local governmental grants) to verify: adequate supporting documentation exists, amounts were properly recorded in the general ledger, and funds were deposited in a timely manner for the fiscal year ended June 30, 2018. Receipting procedures must be reviewed to identify individuals performing key receipting procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
5. Perform a test of disbursements to verify that supporting documentation exists for a sample of twenty-five (25) expenditures for the fiscal year ended June 30, 2018. Attributes tested must include verification of: eligibility, supporting documentation (invoice, contract, etc.), proper approval, and recording in the general ledger. Expenditure procedures must be reviewed to identify individuals performing key disbursement procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
6. Perform a test of employee compensation on a sample basis of three to ten (3-10) employees (depending on size of the system) to ascertain amounts were allowable per funding source and to ascertain that properly approved documentation (Applications, Certifications, I-9s, salary, etc...) is available to support amounts paid to during the fiscal year ended June 30, 2018. Testing includes: calculation of annual gross pay and reconciliation to annual payroll summary report, and testing monthly payroll calculations for employees selected (including time and leave records, selected withholdings, gross to net calculations and disbursements to employees) for one pay period. Note – testing should include both State and locally funded positions. Payroll expenditure procedures must be reviewed to identify individuals performing key payroll procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
7. Verify a sample of payroll tax withholdings and employee benefits to ascertain liabilities were properly remitted in a timely manner during the fiscal year ended June 30, 2018.
8. Verify all payments made to **(or on behalf of)** the Director of the System for the fiscal year ended June 30, 2018 were allowable per the funding source and properly supported to include: determination of eligibility, approval, expenditure/disbursement documentation, and recording in the general ledger.
9. Verify all State Grant funds received by the System including those for salaries and benefits, materials and system services were completely expended during the grant period. Obtain detailed listing of amounts recorded in the general ledger and verify that items selected for testing in steps 4 and 6 above included eligibility testing for

expenditures made from each type of State Grant fund received. If necessary, additional items must be selected to ensure expenditures are tested for eligibility in each category of State Grant funds received. Reconcile all state grant funds (including System Services Grant, Materials Grant, and Salary Grant) between the general ledger and the **GPLS approved** final budget numbers. **State reimbursed positions must be reconciled on a one by one basis rather than as a cumulative total.**

10. Verify all GSFIC reimbursement requests were properly documented and that all expenditures met program guidelines.
11. Perform a test of journal entries to verify proper approval and documentation exists for a sample of ten (10) journal entries recorded in the general ledger for the fiscal year ended June 30, 2018. Journal entry/general ledger procedures must be reviewed to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
12. Verify that a current bond has been obtained for an adequate amount, as determined by the board of trustees and recorded in the minutes, on the library director, the treasurer of the board of trustees, or other officials and employees authorized to handle funds.
13. Verify that total local governmental annual operating support for each library system is equal to or greater than that of the preceding fiscal year. Consideration should be given for reductions in local funding comparable to reductions made in other programs funded by the local entity due to current economic conditions. Failure to sustain this maintenance of effort (MOE) requirement may result in the forfeiture of state grants and state-funded benefits to the library system, including but not limited to PINES and Galileo. Special funds or appropriations (eg. SPLOST, Impact Fees) shall not be calculated as part of MOE.
14. Obtain a list of new hires and verify that E-Verify process is being followed as required by federal law.
15. Ascertain whether the System records the value of capital assets and verify that amounts agree to underlying documentation in accordance with the Library's capitalization policy. Also, verify that current year additions and deletions have been properly recorded. Capital Assets procedures must be reviewed to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
16. Ascertain whether the System records the value of library collections and verify that amounts agree to underlying documentation. Also, verify that current year additions and deletions have been properly recorded. **Please Note: A PINES report / printout is not sufficient to meet this requirement.** Library Collection procedures must be reviewed/documented to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
17. For years ending June 30, 2018 and after, verify that interim reporting is being performed to the Board of Trustees. At a minimum, a balance sheet and income statement should be presented for the major operating funds on a quarterly basis.
18. Verify a schedule of compensated absences is maintained and verify that amounts agree to underlying documentation. Compensated absences procedures must be reviewed/documented to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.
19. Verify a schedule of any material liability with an agreement/life greater of one year is maintained and verify that amounts agree to underlying documentation. Long-term liability procedures must be reviewed/documented to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year

ended June 30, 2018, and then updated every three years. Any deficiencies noted should be followed up on and reported on each year until rectified.

20. **Verify all closing procedures for the fiscal year ended June 30, 2018 were completed in a timely manner. For this year's procedures, October 31, 2018 is the deadline for all year-end closing procedures to be completed in order to meet the "timely manner" requirement.**
21. Follow-up on prior year AUP findings and assess if library has implemented procedures to correct findings.
22. **Any procedure that states, "procedures must be reviewed/documented to identify individuals performing key procedures and to ascertain whether procedures were properly followed for the year ended" requires an Internal Control Review Assessment be performed and all findings must be noted in AUP report.**
23. **Findings must be noted in the following format:**

**Procedure:**

**Finding:**

**Effect of Finding:**

**Cause of Finding:**

**Parties Responsible for Finding:**

**Recommendation:**

**Library Response:**

**Rather than have a separate corrective action plan, the library system's plan to remedy the finding should be part of the AUP report.**

**Contact Information:**

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**Funding through GSFIC**

**Major Repair & Renovation funds: Nathan Rall**

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