



## Illinois Heartland Library System

---

TO: IHLS Finance Committee  
FROM: Rhonda Johnisee  
DATE: January 8, 2020  
RE: OCLC Audit

On November 18, 2019, Scheffel Boyle began performing a compliance audit on the agreed upon procedures that was provided to them. These procedures were the guidelines for all past OCLC audits. This audit was for fiscal years 2014 through 2019. Below are the explanations for the exceptions listed on the attached audit report.

**1. Examine bank reconciliations and bank statements for the years ended June 30, 2014 to June 30, 2019 and trace the book balances to the financial statements and/or trial balance.**

- There was a \$700.00 deposit in-transit (dated 8/30/13 in the financial software) that wasn't noted on the bank reconciliation. It came through on the September 2013 bank statement. The bank reconciliations were being done manually via a spreadsheet at this time.
- The monthly transfer was mistakenly transferred into the IHLS Regular Checking account at Busey instead of the OCLC checking. The error was caught and fixed within a few days, but it occurred and was corrected in different months. The IHLS bank account was not added into the Traverse software because it didn't belong there, and it would show this only activity that was a wash. The bank reconciliations were being done manually via a spreadsheet at this time.
- The bank fee stated on the INB bank statement (this is the holding bank for the credit card transactions and is a part of the IL Funds E-Pay account) didn't come through on the E-Pay IL Funds bank account until the following month but was recorded as a transaction in November.
- The bank fee stated on the INB bank statement (this is the holding bank for the credit card transactions and is a part of the IL Funds E-Pay account) didn't come through on the E-Pay IL Funds bank account until the following month but was recorded as a transaction in March.
- The bank fee stated on the INB bank statement (this is the holding bank for the credit card transactions and is a part of the IL Funds E-Pay account) didn't come through on the E-Pay IL Funds bank account until the following month but was recorded as a transaction in May.

---

IMAGINING TOMORROW ~ DELIVERING POSSIBILITIES TODAY!

---

**2. Confirm the June 30, 2014 to June 30, 2019 bank balances with the financial institutions.**

- Busey Bank stated when called to inquire on this confirmation that they may not be able to complete it because they only retain that information for 5 years and this was a slightly past that timeframe.
- Illinois Funds returned request stating they were unable to process verification requests for tax years prior to 2016. It stated to use the confirmation.com site for the confirmation. Scheffel Boyle sent the request through confirmation.com and they came back stating they could not confirm balance for the requested date.

**5. Trace the receipts and disbursements tested to the ledger.**

- When the Traverse Software upgrade was performed in FY2017, the Group Services general ledger (GL) codes were not transferred over with the correct GL # attached to them. It was then using a default GL code that was incorrect. After working with our system software support company, we were able to come up with a temporary solution so that we could get the correct GL each time a billing is run. We are working on a permanent fix to this, so the process isn't so tedious.

ILLINOIS HEARTLAND LIBRARY SYSTEM  
AGREED-UPON PROCEDURES

Our engagement consisted of performing the following agreed-upon procedures:

1. Examine bank reconciliations and bank statements for the years ended June 30, 2014 to June 30, 2019 and trace the book balances to the financial statements and/or trial balance.

*Five exceptions were found as a result of performing this procedure.*

- *The August, 2013 reconciled balance in the Illinois Funds OCLC E-Pay Account, ending in #8549, is \$2,935.71 when the balance per the trial balance is \$3,635.71.*
- *The February, 2015 reconciled balance in the Busey Bank OCLC Checking Account, ending in #5430, is (\$319,020.57) when the balance per the trial balance is \$58,979.43.*
- *The November, 2016 bank reconciliation for the Illinois OCLC E-Pay Account, ending in #8549, did not include the account analysis fee of \$10.17.*
- *The March, 2017 bank reconciliation for the Illinois OCLC E-Pay Account, ending in #8549, did not include the account analysis fee of \$10.28.*
- *The May, 2018 bank reconciliation for the Illinois OCLC E-Pay Account, ending in #8549, did not include the account analysis fee of \$10.27.*

2. Confirm the June 30, 2014 to June 30, 2019 bank balances with the financial institutions.

*Two exceptions were found as a result of performing this procedure:*

- *The June 30, 2014 balances of accounts with Busey Bank were unable to be confirmed because the bank does not retain this information for more than 5 years.*
- *The June 30, 2014 balances of accounts with Illinois Funds were unable to be confirmed because the bank does not retain this information.*

3. Select a sample of disbursements which comprises at least 25% of the total dollar value of disbursements for each fiscal year, and examine the cancelled check and invoice or other supporting documentation for each such disbursement selected. Verify that each disbursement is a valid disbursement of OCLC activity.

*No exceptions were found as a result of performing this procedure.*

4. Select a sample of receipts, which comprises at least 25% of the total dollar value of receipts for each fiscal year, and trace each receipt to a deposit slip and corresponding bank statement and examine any supporting documentation accompanying the receipt (e.g. letter, check stub, copy of check, etc.) noting agreement.

*No exceptions were found as a result of performing this procedure.*

5. Trace the receipts and disbursements tested to the ledger.

*Three exceptions were found as a result of performing this procedure:*

- *The Group Services revenue receipts were put to the Sales account general ledger code instead of the Group Services revenue code for the years 2017.*
- *The Group Services revenue receipts were put to the Sales account general ledger code instead of the Group Services revenue code for the years 2018.*
- *The Group Services revenue receipts were put to the Sales account general ledger code instead of the Group Services revenue code for the years 2019.*