

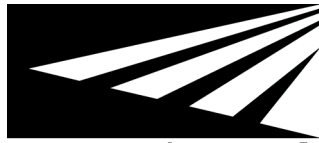


**MAMARONECK  
PUBLIC LIBRARY**

**MAMARONECK PUBLIC LIBRARY DISTRICT, NEW YORK**

**MEMORANDUM ON ACCOUNTING PROCEDURES  
AND INTERNAL CONTROLS**

**AS OF AND FOR THE YEAR ENDED  
MAY 31, 2023**



**NawrockiSmith**

**CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of the  
Mamaroneck Public Library District, New York:

In planning and performing our audit of the financial statements of the Mamaroneck Public Library District, New York (the "Library") as of and for the year ended May 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider certain deficiencies in internal control to be material weaknesses, and as such, have labeled the deficiencies as material weaknesses within the accompanying memorandum where appropriate.

During our audit, we became aware of material weaknesses in internal control, and other matters that are opportunities for strengthening internal controls and operating efficiency. This memorandum also presents information as to the status of prior year recommendations. This letter does not affect our report dated July 10, 2024 on the financial statements of the Library. Our recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional studies of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Trustees, Audit Committee, administration, others within the Library, and is not intended to be, and should not be, used by anyone other than these specified parties.

Hauppauge, New York  
July 10, 2024

*Nawrocki Smith LLP*

**MAMARONECK PUBLIC LIBRARY  
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**CURRENT YEAR RECOMMENDATIONS:**

**1. Financial accounting (\*Material Weakness)**

**Cash**

During our work performed in the cash area, we noted the following:

- Bank reconciliations are not performed accurately on a consistent basis for all accounts.
- A significant number of long outstanding checks are included in bank account reconciliations.
- The person who receives the bank statements does not document evidence of their review for unusual items.
- There was no evidence of approval of bank reconciliations.

We recommend the following to ensure internal controls over cash may be enhanced:

- Bank reconciliations should be performed and reconciled to the general ledger consistently.
- A procedure should be established whereby long outstanding checks are reviewed, analyzed and adjusted monthly.
- A person other than the one preparing the reconciliations should receive the unopened bank statements, review for unusual items and initial the statements.
- A person (independent of the individual preparing the reconciliations) should review and approve bank reconciliations and document this procedure by signature and date.

**Year-end accruals**

We noted that the general ledger is maintained on the modified accrual basis of accounting, however there were certain instances where accruals (i.e. prepaid expenses, accounts payable, accrued liabilities, etc.) were not recorded on a consistent basis or not recorded at all.

We recommend that the Library develop policies and procedures to ensure that all necessary accruals be recorded in the general ledger on an accurate and consistent basis. In this manner, financial reporting will be enhanced.

**Fixed assets**

During our work performed in the fixed asset area, we noted management does not reconcile a third party appraisal report to internal documents. We also noted that there are no procedures in place to conduct periodic physical inventories of the Library's fixed assets. In addition, the Library does not maintain a fixed assets schedule, including the calculation of depreciation.

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We recommend that the Library conduct a full physical inventory of its capital assets during the upcoming year. We also recommend that fixed asset supporting schedules be maintained on a current basis and be periodically reconciled to third party appraisals and annual activities through use of periodic physical inventories. In this manner, financial data on fixed assets may be more accurate and internal control over capital assets may be enhanced.

**Fund balance activity**

During our work performed on fund balance, we noted that the Library does not formerly track all components of restricted and assigned fund balance in a year-end schedule or analysis.

We recommend that the Library maintain a detailed analysis of fund balance during the year to include a beginning balance, all restricted/assigned increases and decreases, and the resulting ending balance for each activity which reconciles to the year-end general ledger accounts. This procedure will provide for more accurate accounting and financial reporting of fund balance amounts.

**2. Accounting internal controls (\*Material Weakness)**

**Adjusting journal entries**

In connection with the fiscal year-end audit, numerous adjusting entries were required to be made to the books and records to correctly state the trial balances to enable us to perform audit procedures.

We recommend that efforts be made to ensure all requisite adjustments are recorded throughout the course of the year. We also recommend that the Library give consideration to retaining the services of an outside accountant with the requisite expertise to assist with accounting requirements in accordance with generally accepted accounting principles. Such an accountant may perform periodic reviews of critical accounting functions. In this manner, interim financial information may be more accurate and the year-end reporting process may be more streamlined.

**General ledger reconciliations**

During the course of the audit, it was noted that subsidiary detail schedules (prepaids, accounts receivable, accounts payable, etc.) were not reconciled to the general ledger on a periodic basis. This increases the risk that interim financial reporting may be inaccurate.

We recommend that the Library implement policies and procedures to ensure subsidiary detail schedules are reconciled to the general ledger on a periodic basis (i.e. monthly or quarterly basis). In this manner, internal control over the general ledger and interim financial reporting may be enhanced.

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**Segregation of cash related duties – receipts**

Although the size of the Library may limit the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. We noted instances when the employee responsible for the receiving, handling and depositing of cash receipts also reconciles the bank accounts and posts to the general ledger. Giving an employee both custodial and recordkeeping responsibilities for the same asset creates an internal control weakness and increases the risk that errors or irregularities in the cash receipts area could occur and go undetected.

We recommend that consideration be given to re-assigning certain responsibilities to ensure the functions of receiving, depositing, reporting and reconciling cash receipts are appropriately segregated in relation to receipts. In this manner, internal control over cash receipts may be enhanced.

**Accounting Policies and Procedures Manual**

We noted the Library does not have an Accounting Policies and Procedures Manual (“Manual”). Such a manual would serve as an aid in training new employees, monitoring the performance of existing employees, and improving internal communications. At a minimum, the manual should include:

- a) An organization chart of the Library
- b) Job descriptions, outlining duties and responsibilities
- c) Descriptions of methods, procedures, and account principles to be followed, including explanations and examples of principle transactions
- d) A chart of accounts with detailed explanation of the items to be included therein
- e) Any other documents or forms for which uniformity of use is desired

We recommend that a Manual be developed which documents the current accounting policies and procedures. Written procedures, instructions and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures and other situations that can result in inaccurate or untimely accounting records. A well-devised Manual can also ensure that all similar transactions are treated consistently, that accounting principles used are proper and that records are produced in the form desired by management. Such a Manual may also aid in the training of new employees during transition and possibly allow for delegation to other employees of some accounting functions performed by management.

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**3. Journal entries review**

During our review of journal entries, we noted that journal entries showed no signs of review and approval prior to entry into the financial accounting system.

We recommend that the Library use a standard form when proposing journal entries that require signatures for each level of review with all supporting documentation. In this manner, internal control over journal entries may be enhanced.

**4. Formalized expense reimbursement policy**

During our review of employee expense reimbursements, we noted the Library does not have a formal expense reimbursement policy and request form. Adoption of a formal expense reimbursement policy, including approval procedures for expenses incurred by all personnel, will provide employees with a clear understanding as to what reimbursements are appropriate.

We recommend that the Library establish a formal employee expense reimbursement policy and implement use of a standardized form. In this manner, internal control over expense reimbursement related expenditures may be enhanced.

**5. Records retention policies and procedures**

During our review of leases, we noted certain lease agreements were missing and could not be procured, and in turn, could not be verified. We noted the Library does not have a formal, written policies and procedures as to the retention and maintenance of financial accounting records.

We recommend that the Library establish a formal, written policies and procedures as to the retention and maintenance of all financial and accounting records. In this manner, the accessibility and availability of appropriate records may be enhanced.

**6. Capitalization Policy**

We noted that the Library does not have a formal capitalization policy for fixed assets, right-of-use lease assets and subscription-based IT arrangements. The absence of a formal policy may increase the risk that an inconsistent approach to capitalizing assets may occur.

We recommend that the Library develop a formal capitalization policy for fixed assets, right-of-use assets and subscription-based IT arrangements. In this manner, financial reporting of fixed assets, right-of-use assets and subscription-based IT arrangements may be enhanced.

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**PRIOR YEAR RECOMMENDATIONS:**

In connection with the prior years' audits of the Library, certain recommendations were reported by the predecessor accountant. Reference is made to their letter dated October 11, 2023 for details on those observations and recommendations. The following presents an overview of these matters, as well as our understanding of their current status:

**1. Posting of Prior Year Journal Entries**

It was recommended that the prior year entries should have been reviewed and posted to verify the ending balances agree to the ending audited balances.

During the current year's audit, we noted that this recommendation was not implemented.

**2. Use of Cash Receipts Journal**

It was recommended that the Library utilize a cash receipts journal to indicate when payments were received.

During the current year's audit, we noted that this recommendation was implemented.

**3. Information Technology**

It was recommended that the Library should perform a formal cybersecurity assessment to assist management in understanding their cyber exposure and defending against evolving cyber threats.

During the current year's audit, we noted that this recommendation was implemented.

**4. Checks Outstanding for More Than One Year**

It was recommended that the Library address these issues in accordance with Section 21 of General Municipal Law of New York State.

During the current year's audit, we noted that this recommendation was in the process of being implemented.

**5. User Access**

It was recommended that the Library establish stronger controls on user access regarding usernames and passwords.

During the current year's audit, we noted that this recommendation was implemented.

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**6. Bids**

It was recommended that the Library update their procurement policy to be current, go out to bid when required, and retain documentation pertaining to bids.

During the current year's audit, we noted that this recommendation was implemented.

**7. Gifts and Donations**

It was recommended that the Library utilize revenue accounts to record receipts of gifts and donations.

During the current year's audit, we noted that this recommendation was implemented.

**8. Reconciliation of Account Balances and Numerous Journal Entries**

It was recommended that the Library reconcile account balances to determine the accounting treatment of transactions and account balances in the accounting records for financial reporting prior to the audit.

During the current year's audit, we noted that this recommendation was not implemented.

**9. Expenditures Entries**

It was recommended that the Library record all expenditures to the appropriate budgetary account at the time of being issued.

During the current year's audit, we noted that this recommendation was implemented.

**10. Cutoff Accounting**

It was recommended that the Library review invoices after year end and post any necessary entries to ensure any unrecorded liabilities, receivables, and prepaid expenditures are accounted for.

During the current year's audit, we noted that this recommendation was not implemented.