



Department of Audits' Response  
Enoch Pratt Free Library's Report to the Board of Estimates

July 24, 2014

Honorable Joan M. Pratt, Comptroller  
And Other Members of the Board of Estimates  
Board of Trustees of the  
Enoch Pratt Free Library  
City of Baltimore, Maryland

As requested by the Board of Estimates, the Enoch Pratt Free Library's (Library) Report provides an update on the status of the corrective actions taken on the audit findings identified in the Library's fiscal year 2013 Comprehensive Annual Financial Report. These findings were included in our "Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". Both reports were dated April 8, 2014 and were presented to the Board of Estimates on April 30, 2014. The Department of Audits has reviewed the corrective actions taken by the Library to resolve the audit findings and we commend the Library on their efforts taken to date. The results of our review are as follows:

Finding 2011-1

To address the timely preparation of its annual financial report to meet the State of Maryland's December 31<sup>st</sup> deadline, the Library has contacted the custodian of the Library's investment accounts to provide a timely "bridge letter" for the custodian's Service Organization Control Report, and hired an experienced CPA who started on July 7, 2014. Based on our preliminary review of the proposed "bridge letter", we will still need to meet with the Library's management to resolve a few issues. While we cannot at this time determine whether these actions will assure the timely completion of future audits, the Library has taken steps necessary to meet the December 31<sup>st</sup> deadline. The Department of Audits is concerned, however, with the Library meeting the deadline since the Library stated that the audit will not be able to start until the fiscal year 2014 work is completed. That work is not expected to be completed before August 2014. Considering that our audit usually begins in mid-July, we request that the Library allow the audit to start immediately in the interest of meeting the December 31<sup>st</sup> deadline.

Finding 2011-2

Audits reviewed the documentation of the cash management journal entries and the written procedures appeared to be adequate. Our fiscal year 2014 audit will determine whether these procedures have been fully implemented and followed, and, if so, would resolve this finding.

Findings 2011-3 and 2012-1

The Library stated that it has investigated and corrected many of the suspense items and engaged the service of an accounting firm for assistance. The accounting firm has provided a report on the remaining needed adjustments and in the coming weeks, the Library expects to make all remaining adjustments and complete the fiscal year bank reconciliations. The potential resolution of these findings will not be known until the Endowment Fund and Book Imprest Fund bank accounts have been reconciled through June 30, 2014, and we review the bank reconciliations and the adjustments determined by the accounting firm.

Finding 2013-1

The Library has taken the necessary steps to fully pay to the City its State Library Resource Center (SLRC) funding as of June 30, 2014. While this action resolves the finding for fiscal year 2014, we recommend that the Library continue to timely pay the City its SLRC funding.

Finding 2013-2 and 2012-6

To address the need for policies and procedures to be instituted by the Library for management to routinely review the work performed by subordinate staff, and to monitor its endowment fund assets and investment allocation, the Library has hired an experienced CPA. While we cannot at this time determine whether this action will resolve the findings, we believe the Library has taken a positive step to do so.

Respectfully submitted,

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City Auditor