

Internal Control and Compliance Assessment

Arkansas Legislative Audit

Arkansas State Library

For the Fiscal Year Ended June 30, 2018



INTRODUCTION

This report is issued to inform the Legislative Joint Auditing Committee of compliance with state fiscal laws and regulations as well as deficiencies in internal controls for the Arkansas State Library. Assessment procedures disclosed no reportable items of noncompliance.

SCOPE AND METHODOLOGY

We performed an internal control and compliance assessment of the Arkansas State Library, a department of Arkansas state government, as of and for the year ended June 30, 2018, and have issued our report dated July 9, 2019. Management of the Agency is responsible for establishing and maintaining internal controls and complying with applicable laws and regulations.

The assessment included cash on deposit, cash receipts, expenditures, capital assets, and data entry to the Arkansas Administrative Statewide Information System (AASIS). The assessment consisted principally of inquiries, observations, analytical procedures, and selected tests of internal control policies and procedures, accounting records, and other relevant documents. We relied on financial data in AASIS recorded by the Agency and audit work conducted in the fiscal year 2018 State Comprehensive Annual Financial Report (CAFR) and Single Audit Report. The methodology used in conducting this assessment was developed uniquely for this engagement and, therefore, was more limited in scope than an audit or attestation engagement performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

RESULTS OF ASSESSMENT

Assessment procedures did not disclose instances of noncompliance considered reportable.

ENABLING LEGISLATION AND ORGANIZATIONAL STRUCTURE

Act 489 of 1979 created the Arkansas State Library as a division of the Arkansas Department of Education. Its mission is to serve as the information resource center for state agencies, legislators, and legislative staffs; provide guidance and support for the development of local public libraries and library services; and provide the resources, services, and leadership necessary to meet the educational, informational, and cultural needs of the citizens of Arkansas.

The Agency administers state and federal funds appropriated for libraries and library development, including State Aid to Public Libraries funds and federal Library Services and Technology Act (LSTA) funds. The Agency's Board is comprised of seven members appointed by the Governor for seven-year terms. The Agency's organizational chart is presented in **Exhibit I on page 2**.

ARKANSAS LEGISLATIVE AUDIT

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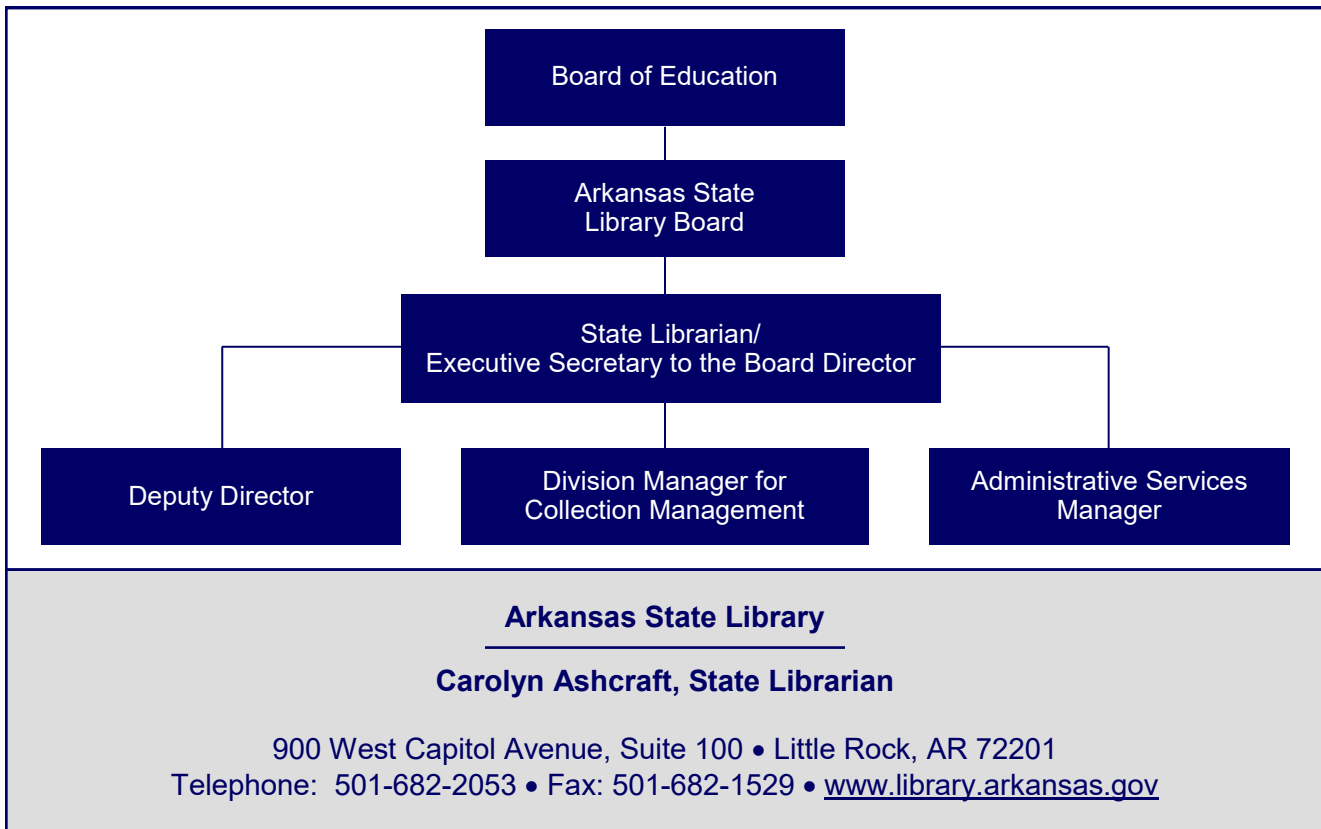
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Exhibit I
Arkansas State Library
Organizational Chart



Source: Arkansas State Library

FISCAL ANALYSIS

Revenues, Expenditures, and Transfers

Agency revenues totaled \$2.0 million for the fiscal year ended June 30, 2018. Federal grants from the Office of Library Services/Institute of Museum and Library Services (IMLS) represent the Agency's primary revenue source. Expenditures totaled \$10.8 million for the fiscal year ended June 30, 2018. Assistance, grants, and aids totaling \$5.4 million remain the Agency's largest expenditure. Net transfers in totaled \$9.0 million for the fiscal year ended June 30, 2018, and consisted primarily of General Revenue.

Revenues, expenditures, and transfers for fiscal years 2014 through 2018 are presented in **Exhibit II on page 3**.

Assets and Liabilities

Assets, primarily comprised of fixed assets, totaled \$3.1 million as of June 30, 2018. Fixed assets include equipment, library holdings, and intangibles. Liabilities were \$280,270 as of June 30, 2018.

Assets and liabilities for fiscal years 2014 through 2018 are presented in **Exhibit III on page 3**.

Exhibit II
Arkansas State Library
Revenues, Expenditures, and Transfers
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Federal grants and reimbursements	\$ 2,019,619	\$ 1,818,761	\$ 1,402,501	\$ 1,642,394	\$ 1,877,586
Fees	5,775	4,620	14,040	3,600	3,620
Other income	4,257	5,316	2,307	8,356	4,259
Total Revenues	\$ 2,029,651	\$ 1,828,697	\$ 1,418,848	\$ 1,654,350	\$ 1,885,465
Expenditures					
Salaries	\$ 2,424,067	\$ 2,431,719	\$ 2,593,540	\$ 2,501,050	\$ 2,490,392
Assistance, grants, and aids	5,385,419	5,602,720	4,751,548	5,691,912	5,961,000
Commodities, materials, and supplies	1,683,434	1,415,567	1,267,542	1,399,552	1,425,416
Other expenses	1,331,424	1,519,843	1,355,807	1,327,295	1,372,045
Total Expenditures	\$ 10,824,344	\$ 10,969,849	\$ 9,968,437	\$ 10,919,809	\$ 11,248,853
Net Transfers In (Out)	\$ 8,971,647	\$ 9,229,749	\$ 8,365,789	\$ 9,390,559	\$ 9,536,637

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

Exhibit III
Arkansas State Library
Assets and Liabilities
For the Years Ended June 30, 2014 through 2018

	Fiscal Year				
	2018	2017	2016	2015	2014
Assets					
Cash and cash equivalents	\$ 592,326	\$ 328,222	\$ 168,822	\$ 444,086	\$ 550,846
Fixed assets	2,206,084	2,210,315	2,117,730	2,633,490	2,745,496
Other assets	292,826	372,082	269,896	205,959	199,528
Total Assets	\$ 3,091,236	\$ 2,910,619	\$ 2,556,448	\$ 3,283,535	\$ 3,495,870
Liabilities					
Payroll liability	\$ 98,284	\$ 83,463	\$ 73,775	\$ 65,861	\$ 57,058
Other liabilities	181,986	202,896	39,595	78,762	164,677
Total Liabilities	\$ 280,270	\$ 286,359	\$ 113,370	\$ 144,623	\$ 221,735

Source: Arkansas Administrative Statewide Information System Trial Balance (unaudited by Arkansas Legislative Audit)

