

Managerial Summary

A. Objectives, Scope & Methodology

We have completed our review of the City of Chesapeake (City) Public Library for the period September 1, 2016 to June 30, 2017. Our review was conducted for the purpose of evaluating whether the Chesapeake Public Library (CPL) was providing services in an economical, efficient, and effective manner, whether its goals and objectives were being achieved, and whether it was complying with applicable City, State and Federal procedures. All divisions of CPL, including programs such as Library, Book Purchases, State Aid, and Law Library, were evaluated. We also attempted to identify and address any additional problem areas as requested by CPL or determined from the audit itself. The audit included review and evaluation of procedures, practices, and controls of the various divisions of CPL on a selective basis. Samples were taken as appropriate to assist with our evaluation.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CPL employed a work force of approximately 125 Full Time Equivalent (FTE) employees. Its budget for Fiscal Year 2017 exceeded \$8.85 million dollars, and accounted for .91% of the City's FY 2017 budget. Areas of operational responsibility included Public Library, Book Purchases, State Aid, and Law Library. The Chesapeake Public Library served more than 235,000¹ citizens within the City's 353 square miles.

Major Observations and Conclusions

Based on our review, we determined that CPL had accomplished its overall mission including:

- Providing outreach services for educational support, reading, learning, programs, meetings, cultural events and community gathering spaces

- Developing early childhood literacy areas and services to help children acquire the skills necessary to be able to learn to read, and teaching caretakers how to practice activities so that children solidified skills necessary to succeed in school and life.
- Providing materials and programs to support families and teens
- Providing citizens access to legal information and research resources
- Expanding technology and access to the digital world, including virtual library services, e-collections, and self-help features for patrons
- Developing a consistent early literacy curriculum, expanding adult education and embedding cultural components within educational classes and entertainment programs
- Strengthening existing partnerships and seeking out new partnership opportunities
- Increasing the visibility of CPL, branding CPL, and telling CPL's story as a community asset and educational resource

However, we did identify several significant operational challenges. These challenges included management issues related to the Chesapeake Public Library Foundation's (CPLF's) copier program, staffing, physical security, backup, cash handling, facility maintenance issues, and utilization at one library.

This report, in draft, was provided to CPL officials for review and response, and their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, the Audit Report, and Appendix A. CPL's management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

B. Performance Information

The core mission of CPL was to educate and enrich people of all ages by providing free access to information, materials, technology and cultural opportunities. Its Core Values included Commitment to Lifelong Learning, Equal Access, Fair and Respectful Treatment, Inclusion, Innovation, and Flexibility. Audit Services reviewed CPL's strategic plan, criteria, and goals, and then reviewed the Citizen Satisfaction survey and other library documentation to determine how much was being accomplished.

1. Citizen Satisfaction

CPL has had a positive impact on the City's residents. In the most recent citizen survey, released in October 2014 by Continental Research Associates Inc., CPL had the second highest score for level of satisfaction of any City department or service ranked in the survey. Specifically, the survey showed that 42.9% and 54.5% of the survey respondents were "very satisfied" and "satisfied" with CPL services respectively, indicating an overall 97.5% satisfaction rating. CPL also scored the second highest average mean rate of 3.40 (out of a possible 4.0) in 2014. CPL continued to provide essential services for the City and continued to deliver effective library services through both CPL's collections and website (infopeake.org) to the citizens of Chesapeake.

2. CPL Initiatives Based on Prior Audit Recommendations

a. A Successful Automated Materials Handling (AMH) System and Radio Frequency Identification (RFID) Implementation. CPL was successful in increasing its efficiency through implementing an RFID system, tagging over a million items with RFID tags, and implementing the self-checkout system. According to internal documents, CPL also realized an increase in staff time efficiency based on a 95 percent customer usage rate for the self-checkout system.

b. The Development of Cash Handling Procedures

CPL developed and successfully implemented cash handling and reconciliation procedures as a result of the last audit. As with any policy and procedure, the process was continually assessed and revised by the Staff Training Specialist and the Accountant II as needed.

3. CPL Statistical Trends from 2008 to 2015

From FY 2008 to FY 2015, the State average for the number of items checked out for reporting libraries was 6.97 items per capita in 2015. CPL customers checked out 8.86 items per capita, which was 27% higher than the State average. In 2015, the average number of customers visiting a library in the State was 3.99 visits per capita. CPL experienced 5.16 patron visits; 29% higher than the State average.

The turnover rate of library collections for CPL was 114% higher than the average reported by the State in 2015. The turnover rate of CPL's collection (92.31%) was almost equal to Virginia Beach Public Library and was consistently higher than all other libraries in the Hampton Roads region.

4. 2015-2020 CPL Strategic Plan

CPL began its strategic planning process in the summer of 2014. To understand the key role that the City's seven (7) libraries played in community vitality, the Library's leadership and staff reached out to Chesapeake citizens, library users and non-users to understand the needs of the community and the role of the Library.

5. CPL Performance: Strategic Plan Criteria 1 - Programming

CPL was successful in achieving the Strategic programming goals. CPL offered a variety of programs and services to its customers. This was consistent with its first 2015-2020 program objective. CPL offered many programs with service objectives for all ages, which directly impacted Chesapeake communities. Youth and Family Services (YFS) staff wrote Every Child Ready to Read2 compliant curricula for every early literacy class, prepared specific STEAM programs for tweens and teens, to be used at every branch and on outreach Mobile Edition vans. This ensured consistent quality and skill building across all branches. Adult Services aligned programming and classes with identified community needs and the 55+ Comprehensive Plan.

6. CPL Performance: Strategic Plan Criteria 2 – Partnerships

a. Strengthening existing partnerships

Friends of the Chesapeake Public Library (FOL)

The Friends of the Chesapeake Public Library (FOL better known as the Friends), was a 501(c)(3) non-profit organization. It consisted of a group of library advocates dedicated to enhancing the Chesapeake Public Library by raising and providing funds for services and programs that enriched the lives of area residents of all ages. These funds were used to purchase equipment and materials that were not funded through the Library's operating budget. In addition, they sponsored special programs and advocated for strong library support.

Chesapeake Public Library Foundation (CPLF)

The Chesapeake Public Library Foundation (CPLF), a 501(c)(3) non-profit corporation, was created in 1996 by community leaders to provide private support library services in Chesapeake. CPLF raised private funds to augment and support library programs, collection materials, improvements and service. CPLF was central to providing copiers and printers for public use at all seven branches; funding the conversion of children's rooms to Early Literacy Centers at all seven (7) libraries; and enhancing programs such as the Summer Reading Program and establishing new programs such as the Smart Start Chesapeake Early Learning program.

7. CPL Performance: Strategic Plan Criteria 3 – Communication

CPL increased its visibility through its website (infopeake.org) and online social media presence. Additionally, in coordination with the City's Fleet Services Department, CPL launched the New Mobile Edition (ME) vans, which replaced the old outreach Bookmobile. These new vehicles gave CPL the opportunity to reach and engage Chesapeake citizens who did not have easy access to a library building. CPL had plans to provide much broader library services through the vans than previously available through the former Bookmobile. These vans were considered "Maker" vans, a first in the Hampton Roads area, and provided Child Early Literacy services for child care providers. They were also used throughout the City to showcase and brand the CPL name.

CPL had a Public Information Coordinator to develop policies, prints, and designs for The LOOP, the CPL's source for advertising all of library programs and events at all seven (7) libraries. CPL also used their website, Infopeake.org, to document their story through photos and videos. The various types of social media used by the CPL included Facebook, YouTube, Google Plus, and Instagram.

8. CPL Performance Strategic Plan Criteria 4: Human Resource Development

a. Retain Excellent Staff

As part of its human resources development strategy, the CPL hired a Staff Training Specialist with the intent of skill building for staff and decreasing CPL's turnover rate. The Training Specialist was developing and implementing a staff training program, skills enhancement, and leadership development program. The Library's Staff Day was part of this initiative. There were also plans to expand training through Train-the-Trainer initiatives.

b. Cultivate and Recruit High Quality Staff

As part of its training initiative of the City-wide Customer CARE standards, CPL recognized the power and reach of good customer service internally and externally, as a recruitment strategy through the Staff Training Specialist's New Employee Onboarding Training. To help CPL decrease the employee vacancy rate, the Staff Training Specialist was advancing CPL's reputation and progress through networking, professional development and visibility at local, state, and national levels.

c. Leverage Volunteer Resources

CPL recognized the need to increase the retention rate of long term and regular volunteers. CPL planned to create a sustainable system-wide volunteer recruitment and training program. Volunteer hours were planned to increase. There were also plans to develop performance measurements to determine the impact of volunteer hours.

9. CPL Performance: Strategic Plan Criteria 5 – Sustainability

Chesapeake Library (Advisory) Board and Law Library Board

The Chesapeake Library Board was an advisory board that was appointed by City Council. The Board provided input to the City Manager, Library Director and City Council concerning matters relating to the conduct, improvement and support of the Chesapeake Public Library. (*City Code Sec 2-326*) The Board consisted of nine (9) members and five (5) Ex-Officio Members.

C. Operational Issues

Although CPL was successful in meeting its strategic goals and objectives, it was experiencing several operational challenges. These challenges included management issues related to the Chesapeake Public Library Foundation's (CPLF's) copier program, staffing, physical security, backup, cash handling, and facility maintenance issues, and utilization at one library.

1. CPLF Copier Program

Finding - The City was experiencing numerous control issues with CPLF's Copier and Printer Program (Copier Program). CPL and CPLF were operating the program without a formal agreement identifying the roles and responsibilities of each entity. CPLF relied heavily on CPL resources to operate the copier program, and the absence of a formal Memorandum of Understanding (MOU) created risk for the City.

Recommendation – The City should consider discontinuing CPLF's Copier Program unless a formal MOU is negotiated and placed into effect.

CPL Response – *The City and CPLF are currently negotiating a new MOU and preparing to move the entire ownership of the copier and printing equipment and associated responsibilities to the City, effective 12/31/2017. This will end the comingling of City and CPLF funds, as well as eliminate the use of Library staff and staff time to count, process and handle CPLF funds. Funds generated will be deposited to the City's General Fund. The outstanding customer balances on the SAM accounts will be addressed in the MOU negotiations. Once the printers and copiers are under control of the City, patrons will not be able to add money to their accounts if there is a balance on the accounts. Patrons will not be able to add money to their SAM accounts until they have depleted the balance on the account; from that point on, printing and copying will be on a "pay as you go" basis to keep balances from accruing on accounts. The potential conflicts of interest between the City and CPLF will be negotiated.*

CPLF Response – *After the library budget was cut by \$1.2M over two years (2009 and 2010), the City was unable to replace the aging equipment used by the public. The Foundation was asked to present a plan to replace the equipment. The plan was presented at a work session and approved by Staff and Council. The Foundation was able to secure a large private donation to cover the cost of the hardware and software needed to implement an updated solution. The components were purchased and installed in 2011. As part of the partnership plan, the City agreed to allow staff to empty the machines, prepare the accounting reports and provide IT support. In exchange, the Foundation agreed to permit staff to use the copiers free of charge for City business and to use the proceeds for library projects and programs.*

The City owns the main server, a portion of software, the payment kiosks and the desktop computers. The Foundation owns a portion of the software, the copiers and printers and key ancillary items like the wireless print modules. Since the copiers and printers were installed in 2011, the project has generated \$443,776 (thru 6/30/17) in net proceeds (after deducting the cost of maintenance, Brinks Security and paper). More than \$574,971 has been returned to the library for projects and programs during that same timeframe. (Note: The full text of the CPLF response is included in the audit report.)

2. Staffing Challenges

Finding - CPL was experiencing significant staff turnover which adversely impacted operations and required ongoing staff training. Also, CPL did not have a Senior Central Library Manager or a Fiscal Administrator function to oversee fiscal responsibilities for all seven (7) library locations.

Recommendation – CPL should take steps to reduce turnover. Also, the City should consider restoring the Senior Central Library Manager position and creating a new Fiscal Administrator position.

Response – Agree. *Regarding reducing turnover, the Library will continue to work with local college and university job fairs, job boards and other programs to assist in the recruitment process.*

Regarding converting part time positions into full time positions, the high number of part time positions creates the “revolving door” effect, which results in Library staff spending an inordinate amount of time training part-time employees many of whom leave while still in the early training phase. The result is that few of the part time staff are fully trained and able to work independently before they move on to other employment. In addition, long-term, part-time staff who are fully competent leave; they find little incentive to stay because full-time work opportunities are limited at CPL. The Library turnover rate could be decreased and retention rate may increase if staff had more full-time opportunities. The Library will work with Human Resources and Budget offices to convert part-time positions to full-time positions.

Regarding reviewing the need for the Senior Library Manager position, and reviewing the need for a Fiscal Administrator position and increasing the administrative staff to reduce bottlenecks, the Library recognizes:

- ***The opportunity to review the need for a Central Senior Library Manager, recognizing that the Central Library is the flagship and the largest of our libraries.***
- ***The obligation to review the need for a Fiscal Administrator to streamline the management of complex and numerous funding streams to handle the procurement process, cash and donations for seven (7) different libraries and create comprehensive internal controls for the Library’s funding streams***
- ***The bottlenecks created by limited staff to handle HR onboarding, payroll, and accounting processes***

(Note: The full text of the response is included in the audit report.)

3. Physical Security Issues

Finding – Library Branch Managers did not have the ability to view real time surveillance video. Additionally, the City did not have a policy to address alarm systems and panic

buttons installed throughout the libraries and other City departments. The roles and responsibilities for security as it pertained to the Library, Facilities Management, and security vendors were not clearly defined.

Recommendation – CPL should consider installing closed circuit television (CCTV) security monitoring systems where appropriate to allow people to view real time activity captured by cameras in each library.

Response – Agree. Library Administration commends Library IT for the initiative they have shown in addressing the security system issues and testing the panic buttons. Both Library Administration and Library IT are in agreement that the ability of branch library staff/management to view real time streams of video provided by the existing systems is important. To accomplish this, Library IT will install one flat panel monitor in each Library Manager’s office, or branch workroom and make video available from a local PC. A local PC is required due to restrictions on bandwidth utilization traversing the Library WAN segments. The Library will ensure that Facilities Management is aware of the ALA guidelines for security.

4. IT Backup Operation

Finding - CPL did not have a data processing backup operation that automatically switched to a standby database, server, or network for its mission critical systems if the primary system failed or was temporarily shut down for service.

Recommendation – The City should consider including a failover site for the CPL in future capital improvement plans to prevent the potential loss of critical IT systems in the Central Library.

Response – Agree. CPL and Library IT agree with this recommendation and has submitted a comprehensive plan to achieve a standby data center operation by June 30, 2018, in conjunction with City DIT at the new Public Safety Data Center on Military Highway. This provided is approved and funded in the FY18 Capital Improvement Budget as Project Number: 09-220; Titled: Library – Data Center Redundancy/DIT Co-location. This project will resolve the issues brought up in the Performance Audit.

5. Cash Handling Processes

Finding – Cash collected daily was counted at least four times prior to being deposited. The first two counts occurred on the night the register was closed. The third and fourth counts occurred before the deposit was made the next day.

Recommendation – CPL should revise its cash handling processes.

Response – Agree. While the cash handling processes are regularly reviewed, the Library Accountant II concurs with the recommendation that the Library eliminate

the counting of the register monies at closing and that the cash and cash register tape be locked in the safe by two people. In the morning, two staff members will validate the cash, reconcile to the cash register tape and prepare the deposit for the Treasurer's office. Morning staff will set up the cash till for the day. Cash register receipts are routinely issued to patrons for all transactions. Void approval level will be assessed and adjusted, if necessary.

6. Condition of Library Facilities

Finding - The Central Library building had numerous unresolved water leaks noticeable on ceiling tiles and carpet in the Collection Management Services Division, where newly delivered books were stored and staged for delivery to the various library branches. In addition, there was evidence of leaks in the ceiling tiles in the Library Administration areas.

Recommendation – CPL should work with Facilities Management to resolve these issues.

Response – ***Agree. The Library and Facilities Management work closely to address facility issues. Facilities Management has scheduled Central Library for a partial roof replacement in FY17-18 to eliminate leaks. The water damaged carpet and tile have been replaced and/or scheduled for replacement.***

7. Review of Library Heat Map/ Time and Usage Reports

Finding - A review of usage data from January 30 to March 12, 2017 found that the Cuffee Library was underperforming in patron usage when compared to the other libraries in the CPL system.

Recommendation – CPL should explore methods of improving the Cuffee Library's usage

Response – ***Agree. The Library has been working diligently in the Campostella community to let the citizens know what the Library offers and create programs, classes and events that attract and benefit the community. Unfortunately, the response has been disappointing. FY18 project planning will include assessment of all branch programs and resources. Time and Usage reports will be scrutinized and assessed in order to offer in-demand programs and, if necessary, reallocate staff for more effective use of human resources.***