

Chesapeake VIRGINIA

CHESAPEAKE PUBLIC LIBRARY PERFORMANCE AUDIT



SEPTEMBER 1, 2016 THROUGH JUNE 30, 2017

**CITY OF CHESAPEAKE, VIRGINIA
AUDIT SERVICES DEPARTMENT**

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July 12, 2017

The Honorable Alan P. Krasnoff and
Members of the City Council
City of Chesapeake
City Hall – 6th Floor
Chesapeake, Virginia 23322

Dear Mayor Krasnoff and Members of the City Council,

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.

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
-

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- 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.

Sincerely



Jay Poole
City Auditor
City of Chesapeake, Virginia

C: James E, Baker, City Manager
Dr. Wanda Barnard Bailey, Deputy City Manager
Victoria Strickland Cordial, Library Director

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Managerial Summary

A. Objectives, Scope & Methodology

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Major Observations and Conclusions

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

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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.***

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Chesapeake Public Library

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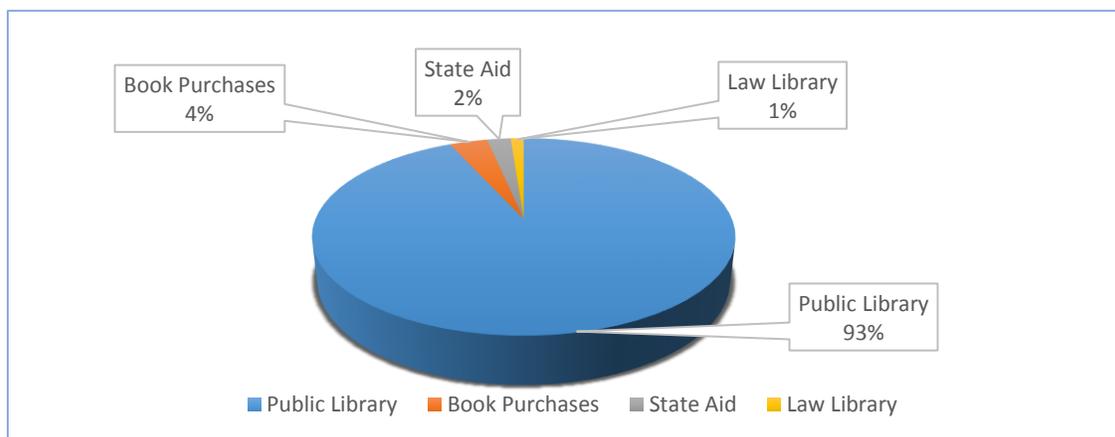
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Exhibit A: FY 2016-2017 CPL Operating Budget⁴



¹ City of Chesapeake FY 2016-17 Budget.

² U.S Census Bureau Population estimates, July 1, 2015

³ Chesapeake, 2016

Major Observations and Conclusions

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Methodology

To conduct this audit, we reviewed the CPL's policies and procedures and analyzed data from library records and other public documents. We evaluated personnel data related to staffing from the Munis HR Payroll system, and reviewed PeopleSoft financial records pertaining to Friends of the Library (FOL) and CPLF revenues and expenditures. We conducted site visits at all seven (7) libraries, and conducted in-depth interviews with Library Administration, program management for Youth and Family Services (YFS) Division, Adult Services Division, IT Division, and Collection Management Services Division to gain an understanding of library programs and processes. We made observations and interviewed staff to gather information on the workflow for CPL's automated Items Check-in and Returns process through the Automated Materials Handling (AMH) and radio-frequency identification (RFID) systems.

B. Performance Information

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Exhibit B: Excerpt from the City's 2014 Citizen Satisfaction Surveys

The Chesapeake public library system								
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2014</u>
Very Satisfied	42.0%	46.6%	n/a	44.6%	52.0%	n/a	n/a	42.9%
Satisfied	54.7%	52.7%		52.4%	46.6%			54.5%
Dissatisfied	2.7%	0.6%		3.0%	1.3%			1.9%
Very Dissatisfied	0.7%	0.0%		0.0%	0.0%			0.6%
	100.0%	100.0%		100.0%	100.0%			100.0%
	(n=300)	(n=311)		(n=500)	(n=298)			(n=319)

Source: 2014 Chesapeake Citizens Survey conducted by Continental Research

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.

In 2014 CPL's IT Division, in coordination with the City's IT Department, launched a new Automated Materials Handling System for the purpose of

automating the Return of Items process. Before the automated process, the book drop-off process for the Central Library was a laborious manual process. Every item that was returned to the Library went through a manual receiving, check-in, sorting, and re-shelving process that was extremely time consuming and prone to human error. The new check-in AMH system, which keeps labor to a minimum, complements the item checkout process, and accomplishes the goal of getting books and media to the proper branch location using the RFID tags.

Exhibit C: The Check-in Process before and after the Automated Material Handling System Implementation



Picture courtesy of the City of Chesapeake Department of Information

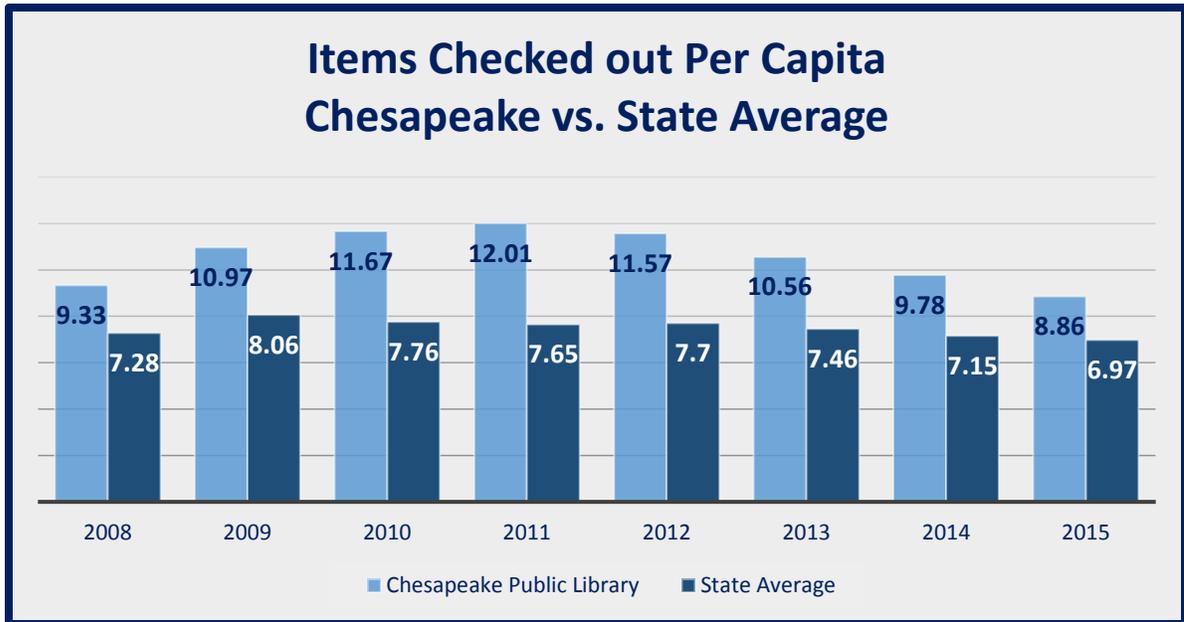
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3. CPL Statistical Trends from 2008 to 2015

From FY 2008 to FY 2015, the State average for the number of items checked out for reporting libraries⁵ 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.

⁵ Ninety-one (91) libraries submitted statistical reports to the Library of Virginia.

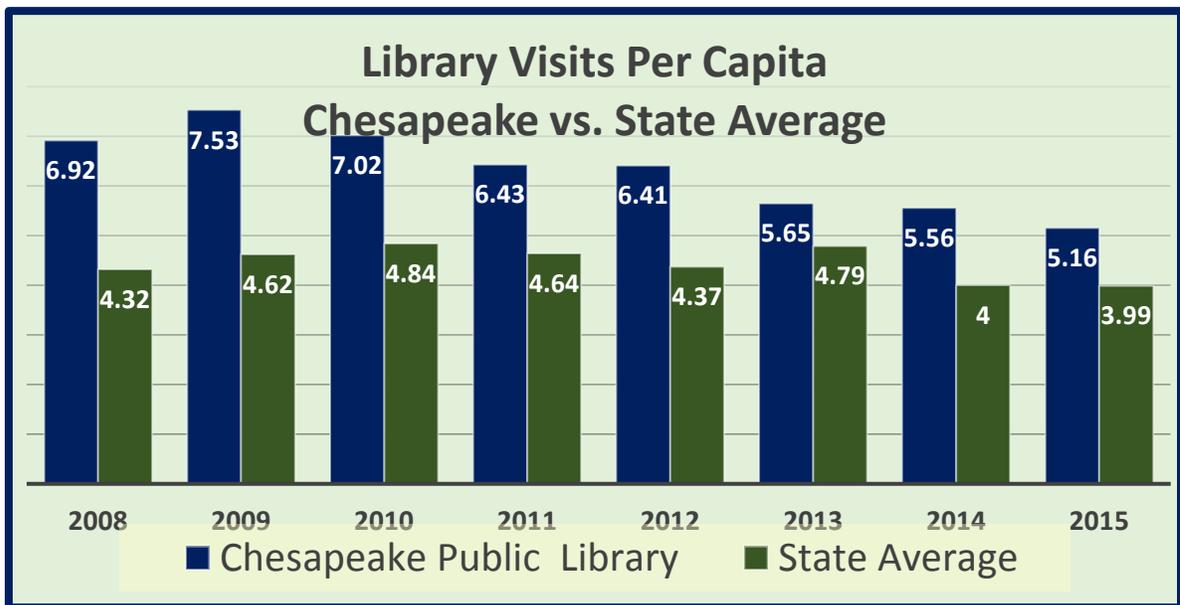
EXHIBIT D



Source: CPL Administration

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.

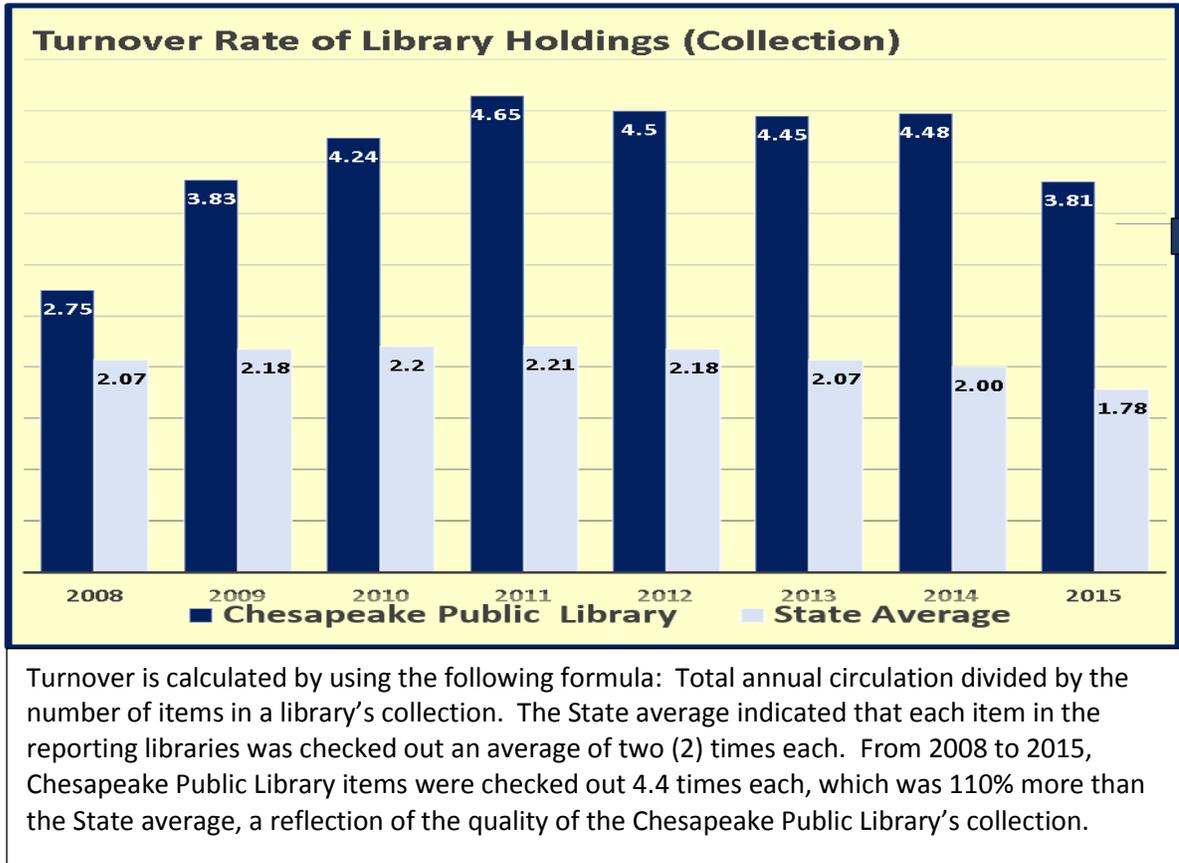
Exhibit E



Source: CPL Administration

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.

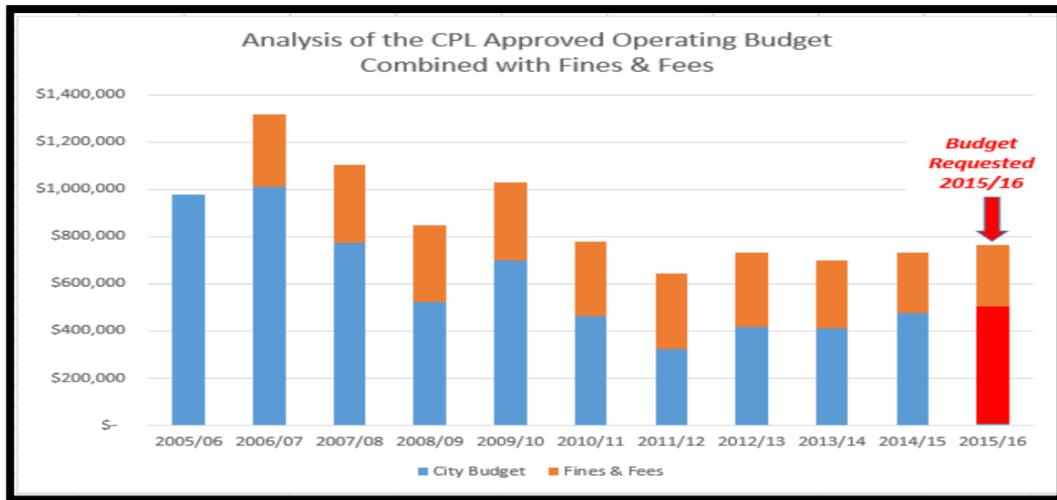
Exhibit F



Source: CPL Administration

In 2006, City Council allowed CPL to begin using funds collected for Fines and Fees to be returned to CPL to purchase library materials. When CPL began receiving these funds, City General Fund support or library materials was reduced even though the demand for CPL services has increased as illustrated in the bar chart below.

Exhibit G



Source: CPL Administration Budget Records

Exhibit G on the previous page shows the fluctuation of funds expended from year to year on the Chesapeake Public Library's materials collection since FY2005/06 through FY2015/16. In 2006, City Council approved to have money collected for Fines and Fees be returned to the Library to purchase library materials. As indicated by the chart in Exhibit G, when the Library began receiving these funds, funding for library materials out of the General Fund were reduced.

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.

In the summer of 2014, Town Hall meetings were held at both the Major Hillard and Dr. Clarence V. Cuffee libraries to give a diverse group of citizens the opportunity to discuss their needs. Another Town Hall meeting was held at the Central Library for teens. A community survey was also made available through the Library's website to gain more insight into citizen needs. A series of five (5) program goals and objectives were developed to address those needs.

5. CPL Performance: Strategic Plan Criteria 1 - Programming

CPL was successful in achieving the Strategic programming goals outlined in the sections below:

CPL Strategic Plan: Criteria 1	
Programming – To ensure the relevance and value of the Library and its responsiveness to community needs	
Goal: Ensure consistency of curriculum	
Goal: Expand adult education	
Goal: Embed cultural components within education classes and entertainment programs	
2015 – 2020 CPL Strategic Plan, Programming Goals	

Indian River Library busy building. Picture courtesy of CPL.

a. Consistency of Curriculum

CPL offered a variety of programs and services to its customers. This was consistent with its first 2015-2020 program objective⁶. 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

⁶ 2015-2020 Chesapeake Public Library Programming Objective 1.

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.

b. Expansion of Adult Education Services

The chart below shows the various types of adult programs offered. CPL was encountering difficulties with maintaining trained staff for its existing Adult programs and services due to staffing challenges throughout CPL. The staffing challenges will be discussed in Section C of the report.

Exhibit H: 2015/16 Attendance of Library Classes and Events for Adult Education Services

Class Programs & Events (Cont'd)	Total No. of Classes Offered	Total Customer Attendance for the year	2015-16 Average Attendance per class
Adult Outreach Programs (i.e., Job Help)	589	13,690	23.24
I. Drop-In Assistance			
II. One-On-One Assistance. Located primarily at IR, SN, CL			
Adult Programs	1,140	14,465	12.69
III. Computers & Technology			
<ul style="list-style-type: none"> • Computer Basics • Keyboard Basics • File Management • Internet Basics • Email Basics • Social Media 101 • Word Basics • Excel Basics • PowerPoint Basics • Publisher Basics • Tech Time. Drop-In and 30 minute appointments 			
IV. Adult Book Clubs			
<ul style="list-style-type: none"> • Mocha Authors Club • Political Pundits Book Club • River Readers Book Club • Urban Readers 			
V. Adults Discover More			
<ul style="list-style-type: none"> • Hot Topics • A Good Yarn • Knitting Fun for Everyone • Tidewater Distaff Spinners • Yarn Antics 			
VI. Programs for Everyone			
<ul style="list-style-type: none"> • Coffee With a Cop • Seussapalooza • Spring Fling • Free Play • Free Comic Book Day • FantaSci • MonsterFest • Read Local 			



MonsterFest



Pictures courtesy of CPL.

Source: The Loop and 2015-16 CPL Statistical Fact Sheet; Pictures are courtesy of CPL

CPL's Job Help Service

Job Help services were provided one-on-one or in classes and included computer and job readiness classes, resume/cover letter writing, job searching, completing job applications, and assistance with filing for unemployment benefits. Assistance was provided by appointment or drop-in.



6. CPL Performance: Strategic Plan Criteria 2 – Partnerships

a. Strengthening existing partnerships

CPL Strategic Plan: Criteria 2

Partnerships – To make deeper connections in the community; to leverage fiscal and human resources

Goal: Strengthen existing partnerships

Goal: Seek out new partnership opportunities

2015-2020 Strategic Plan, Partnership Goals



Chesapeake Public Library partnered with 14 Chesapeake Public Schools and Suffolk Public Library to present a regional Battle of the Books.

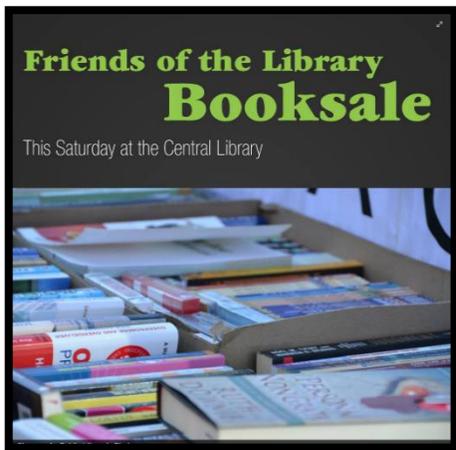
- Battle of the Books was a competition for 5th grade students, involving reading ten (10) books from multiple genres and working in teams to compete in a contest of book knowledge
- Prizes: school trophy, books and bragging rights

CPL Outreach provided “book talks” to schools in support of school battles. CPL also provided a set of books for each participating school.



Chesapeake Public Library in coordination with Chesapeake Public Schools provided a venue for school orchestras to perform for the public at the Central Library on 4/29/2017. Picture courtesy of CPL.

Friends of the Chesapeake Public Library (FOL)



Picture courtesy of CPL

the lives of area residents of all ages. These funds were

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

CPL Donations from the FOL	
Calendar Year	FOL Donation Amount
2007	\$ 56,332.27
2008	\$ 33,213.00
2009	\$ 31,689.00
2010	\$ 47,685.46
2011	\$ 27,952.00
2012	\$ 42,824.60
2013	\$ 28,780.98
2014	\$ 32,079.46
2015	\$ 32,271.62
2016	\$ 37,261.08
Total FOL Donation	\$ 370,089.47

City's PeopleSoft Financial Records

used to purchase equipment and materials that were not funded through CPL's operating budget. In addition, they sponsored special programs and advocated for strong library support.

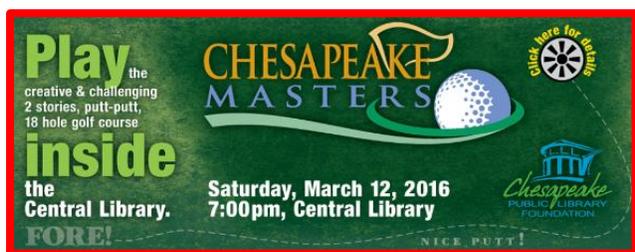
The Friends donated in excess of \$30,000 annually to support special programs at CPL. Their financial backing helped the CPL expand and enhance the Summer Reading Program, which served more than 10,000 children, teens, and adults.

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 services. 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
- Enhancing programs such as the Summer Reading Program and establishing new programs such as the Smart Start Chesapeake Early Learning & STEAM programs
- Providing funding and publishing The LOOP brochure to promote and advertise CPL programs

Fundraising programs sponsored by CPLF included the Chesapeake Masters and the Chesapeake Zombie Fun Run.



b. Seeking out new partnerships

Over the years, CPL had sought out more community partnerships. The chart below highlights many of the organizations that formally partner with CPL.

**Exhibit I
Additional Community Partnerships**

Organizations	What the Organizations/CPL Offers
AARP	AARP offers free assistance to individuals in the preparation of income tax returns
Barnes Brothers	Host a TV series (<i>Face Rockin'</i>) created locally and filmed in the Greenbrier Library
Chesapeake Department of Development & Permits	Use of the Library as a first alternative facility for their department's operation in the event City Hall is compromised during an emergency event
Girl Scouts of the Colonial Coast	Collaboration on enrichment programs for the general public and to provide volunteer opportunities for Girl Scout members
Hickory School Technohawks	Provide support to comprehensive STEAM (Science, Technology Engineering, Art and Math) programs and events enhancing student leadership and community involvement through programming and robotics classes during Chesapeake Public Library events
Hampton Roads Civil War Round Table (HRCWRT)	The Library facilitates HRCWRT monthly meetings, volunteer "muscle" is reciprocated for Chesapeake Public Library events.
Library of Virginia	Staff Training
Chesapeake Friends of the Library	Supports all Library programs including Summer Reading Challenge
Chesapeake Public Library Foundation	Supports Science, Technology, Engineering, Arts and Math (STEAM) programs, and Early Childhood Literacy
Building Trades Academy	Provide publicly accessible training sessions and classes
Childcare Center	Outreach Early Literacy program extended to children as a service provided by ME Vans
Chesapeake Public Schools	Battle of the Books, Curriculum/Training Sharing, Literacy Night attendance, Library Card Sign-up events, Summer Reading Challenge Outreach
Chesapeake Parks, Recreation and Tourism	Summer Literacy Outreach, After School STEAM programming, Book Walk Program, Parks and Recreation Celebration Month, Individual Recreation Center Programming, Neighborhood Community Day events, provide materials for reading nooks.
Chesapeake R U Ready	R U Ready Family Night, Get on the Bus – Kindergarten Enrollment, Sumer Reading STEAM Camps, Marketing to City Departments, Raise the Bar Annual Conference.
Opportunities, Inc./Youth Career Center	Workplace readiness/career skills, Teen Tech Week.
VA Cooperative Extension	Teen Tech Week, Embryology Project, Summer Performance Programming
REACH	Reading/Library

Organizations (Cont'd)	What the Organizations/CPL Offers (Cont'd)
CAST	Homeless Services
Chesapeake Guinea Pig Rescue	National Reading Day (January)
Chesapeake Police	McGruff/Halloween Safety
Chesapeake Fire Department	Readers to the Rescue (New)
Therapy Dogs International	Paws to Read Program
Engineering for Kids	Lego Program
VA Cooperative Extension (Master Gardener)	Will demonstrate grow boxes and other gardening projects
Big Wheels/Construction Trucks	Touch a truck program.
Math Club	Year round events/programs
VA Aquarium	Summer Reading Program
First Landing State Park	Summer Reading Program
Teens with a Purpose	Writing/performing creativity workshops
Bosch Global	Summer Reading Program
Chesapeake Business Consortium	Summer Reading Program
Virginia Quality Program	Childcare provider training
Waddell & Reed	Financial Literacy classes which include paying for Collection and Financial Management

Source: Chesapeake Public Library

7. CPL Performance: Strategic Plan Criteria 3 – Communication

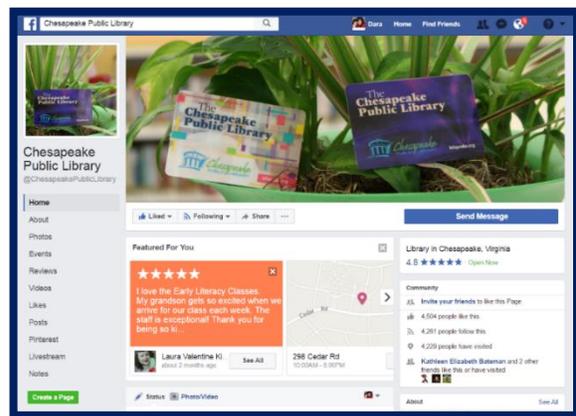
<p>CPL Strategic Plan: Criteria 3</p> <p><i>Communication – To tell the Library’s story as an education resource and an invaluable community asset; to reach and engage our citizens; to articulate and celebrate the Library’s contribution to Chesapeake’s sense of place</i></p> <p><i>Goal: Increase visibility</i></p> <p><i>Goal: Continue branding</i></p> <p style="text-align: right;">2015-2020 CPL Strategic Plan, Partnership Goals</p>
--

a. The Library's story as an education resource and an invaluable community asset

Visibility and Branding

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 and Social Media. 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.



Outreach Services and the ME Vans Mobile Additions



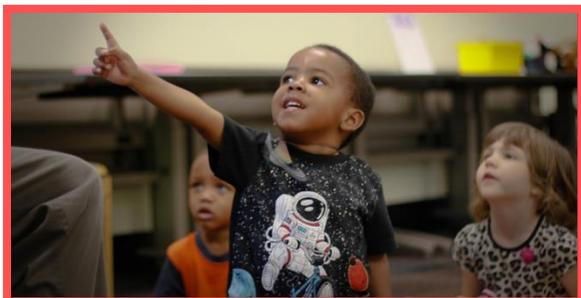
Above: Library Director Victoria Strickland-Cordial at the Mobile Edition (ME) Van launch. Picture courtesy of CPL.

The purpose of the two (2) ME Vans, which superseded the Bookmobile, was to take library services where they had not been available before.

The City had a large footprint and providing library services to customers throughout the City was a challenge.

b. Articulate and celebrate the Library's contribution to Chesapeake's sense of place.

The Development of Curriculum-Based Early Literacy Classes.



CPL enhanced its services by establishing comprehensive, skill building curriculum based Early Literacy Classes throughout all of the City's seven (7) public libraries. Early Literacy Classes raised the bar for early literacy learning while still allowing for storytime and fun for the children.

According to CPL, the Early Literacy Classes,

- Were curriculum based and based on developmental milestones for age-appropriate learning
- Instilled the six pre-reading skills a child must have in place in order to be able to learn to read
- Were designed to teach parents activities that will boost their child's brainpower by connecting synapses through singing, talking, reading, writing and playing
- Were based on Every Child Ready to Read initiatives
- Prepared preschool students to engage in a classroom setting and helped parents and caregivers foster a love of reading
- Provided other fun children's program themes such as Frozen, Winnie the Poo, and more.



Students discover a love of reading and develop new skills during Early Literacy Classes at the Chesapeake Public Library.

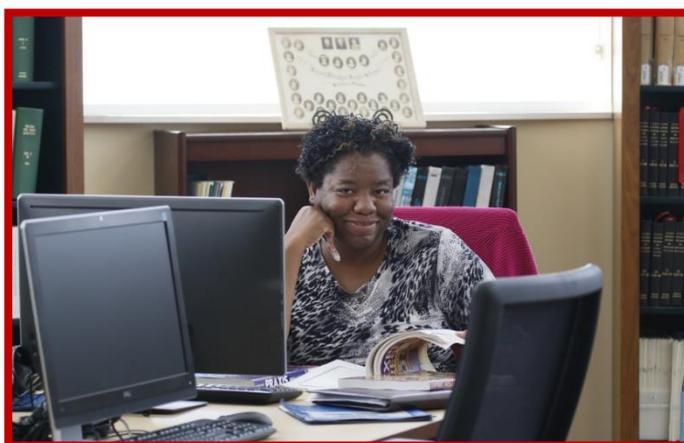
Pictures courtesy of CPL.

Citizens Access to Legal Information and Research Resources

CPL offered its customers access to a Law Library and a Law Library Information Specialist, located in the Central Library, who specialized in assisting the public in referencing their legal questions.

55+ (A City Coalition)

CPL worked in partnership with the City to provide outreach to parts of the City where older patrons 55 years of age or older resided. The ME Vans provided this outreach service to these older citizens.



History research at CPL. Picture courtesy of CPL.

Adult Education

The Chesapeake Public Library also offered organized groups for adults. These groups included a variety of Adult Book Clubs, Craft Discovery groups for those interested in learning such things as knitting, spinning, and crocheting. Finally, CPL also offered writers groups as well as other types of groups, such as the Chesapeake Romance Writers, Sisters in Crime Mystery Writers Group, Garden Talk, Chesapeake How to: Improv, the annual Fantasma Cult, Cinema Explosion, and Genealogy Enthusiasts.

Digital Collections

CPL was on the cutting edge of technology and offered a variety of ways to download e-books and audio-books onto different devices such as classic e-readers, tablets, smart phones or just viewing them on a personal computer. Among those platforms the Library had:

- **Overdrive** which was for e-books and audio-books. It contained the Library's popular materials collection.
- **OneClick Digital** held classic and teen titles.
- **EBSCO** e-books included non-fiction titles.
- **Tumblebooks** were e-books for children and parents. This helped children with the fundamentals of reading. They were interactive picture books that could be accessed through the CPL website.
- **Hoopla** offered e-books, digital movies, music, and more 24/7.
- **Find it Virginia** offered free online resources available through state shared resources.
- **Zinio** digital magazines. CPL offered approximately 80 digital magazines, including Better Homes & Gardens, Newsweek, Discover, Elle, and Eating Well. These magazines can be downloaded onto a tablet, Kindle, and other devices, etc.

CPL offered training for patrons interested in how to access digital library resources at most branch libraries. Patrons can also meet one-on-one with a librarian, who can assist with the downloading process.

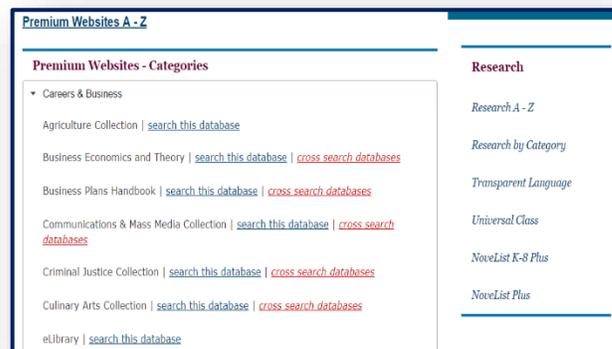


Research Databases and On Demand Courses

The Library had a wide variety of research databases and on-demand online computer courses for its customers.

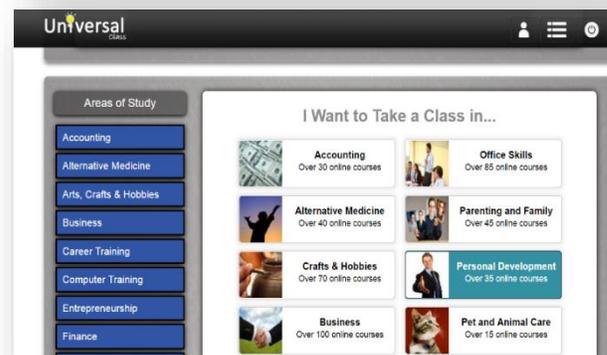
Premium Websites – Categories:

Customers had a wide variety of premium websites to select from, in a wide variety of categories, depending on the type of research needed. Research could be conducted in a variety of searches by category type, or more specifically through an advanced search process. Customers can access Chilton's Auto Repair Manuals, the Library edition of Ancestry.com for genealogical research, as well as America's Newspapers Online for current news articles.



Universal Class: On-Demand Courses:

CPL also offers its customers a wide variety of classes that they can take on their own time. On-demand courses on a variety of subjects are available through the Library's **Universal Class**. These classes could be audited or taken to measure the level of learning.



The Library also offered all customers access to on-demand Language Courses online through **Transparent Language**. These courses can be taken to augment and supplement student language courses taught within public and private schools, as well as students in home school programs. They can also be taken by customers who plan to travel to another country, or someone who just wants to learn a second language.



Digital Collection Circulation Statistics

CPL offered materials in a wide variety of formats, including digital platforms. While the hard copy book is not expected to disappear from use, the customer use of, and demand for, multiple digital platforms and formats continues to increase.

Exhibit J: Trends Showing the Increase in Electronic Library Collection

Digital Service	FY2014/15	FY2015/16	FY2016/17 (to date)
OverDrive (electronic books and audiobooks)	60,143	80,873	69,921
OneClickDigital (electronic books and audiobooks)	1,372	1,074	1,655
Zinio (digital magazine service) (Recorded Books)	11,058	13,151	13,274
hoopla (Midwest)	222	11,338	21,155

Source: Chesapeake Public Library Administration

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

CPL Strategic Plan: Criteria 4
<p><i>Human Resource Development – To firmly establish the Chesapeake Public Library as a “great place to work;” to be the employer of choice</i></p> <p><i>Goal: Retain excellent staff</i></p> <p><i>Goal: Cultivate and recruit high quality staff</i></p> <p><i>Goal: Leverage volunteer resources</i></p>
2015-2020 CPL Strategic Plan, Human Resource Development Goals

a. Retain Excellent Staff

As part of its human resources development strategy, the CPL hired a Staff Training Specialist to increase staff workplace skills and with the intent of decreasing CPL’s turnover rate. The Training Specialist:

- Developed and implemented 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.
- Supported continuous process improvement through innovation and best practices;

- Fostered employee engagement and empowerment by keeping job descriptions current and new positions reflective of the Library’s needs;
- Used existing human resource tools, such as performance appraisals, to prepare employees for career advancement.

b. Cultivate and Recruit High Quality Staff

As part of its training initiative for 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

<p>CPL Strategic Plan: Criteria 5</p> <hr/> <p><i>Sustainability – To position the Library for fiscal health; to be an engine of economic growth for Chesapeake</i></p> <p><i>Goal: Ensure that physical space – existing and future – has flexibility to accommodate program needs</i></p> <p><i>Goal: Identify capital needs</i></p> <hr/> <p style="text-align: center;">2015-2020 CPL Strategic Plan, Sustainability Goals</p>

a. 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.



Greenbrier Reading Space

b. CPL Capital Improvement Plans

CPL along with City Council and City management were responsible for ensuring the physical space had the flexibility to accommodate the Library’s program needs.

Exhibit K: CPL’s FY2018 to FY2022 Capital Improvement Plan project list

Project No.	Project Title	Description	Projected Funding Requirement 2018-2022
0	Library - Automated Materials Handling System	This project will provide for the purchase, installation, and implementation of an automated materials handling (AMH) system at Central Library.	\$482,800
02-210	Library - Customer Service Desk Replacements	This project will provide for replacement of the customer services desks at Central Library, Russell Memorial Library, and Indian River Library.	\$78,000
03-210	Library - Russell Memorial Parking Addition	This project will provide for the design and construction of additional parking spaces at Russell Memorial Library.	
09-220	Library - Data Center Redundancy/DIT Colocation	This project will create a 3N+1 redundancy configuration between the Central Public Library (CPL) data center and Public Safety to bring all mission critical systems online in the event of a partial or complete failure of CPL data center technologies. With the completion of the Public Safety building and the Department of Information Technology (DIT) remote data center, the Library plans to utilize the available space to create an offsite, redundant set of systems to deal with disaster recovery scenarios which are currently unprotected.	\$420,000
06-200	Library - Integrated Library System (ILS) Hosting	This project will transition the Library's current Integrated Library System (ILS) from a stand-alone, internally hosted, server based ILS over to an externally hosted ILS. This transition will reduce the risk of failure and improve the accessibility of the Library's most important system.	\$175,000
07-200	Library - Switch/Router Refresh	This project will replace the existing network infrastructure in order to stay current and avoid downtime caused by unsupported hardware and software.	\$150,000
08-200	Library - Tablet Lending System	This project will implement kiosks that permit the lending of tablets (e.g., iPads) to patrons for use within the libraries.	\$48,000
10-220	Library - Technology Upgrade/Replacement - Phase III	This project will provide for replacement of equipment and data center technology upgrades for the Library. This is Phase III of an ongoing project that will address the renewal and replacement needs of the Library's core data center processing, storage, and interconnection hardware platform, and will re-utilize that existing hardware to create a testing infrastructure platform for the Library. Over the next five years, Phase III will also provide for replacement of the firewall, implementation of a backup solution, upgrade of the Voice over Internet Protocol (VoIP) phone system, refresh of the wireless access point, and upgrade of the web security appliance.	\$600,000

Source: City of Chesapeake Detailed Project Description and Budget Plans (FY 2018-2022)

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.

CPLF was formed in 1996 for the purpose of financially supporting the vision and goals of CPL. CPLF secured, managed, and invested privately raised funds, gifts, and bequests in support of library programs, services, and facilities; and could conduct programs that CPL might not be able to conduct. CPLF operated as a legal entity separate from the City, and was governed by an independently elected Board of Directors.

The CPLF Copier Program provided a steady stream of income. As noted in Exhibit L, the program generated \$561,895 or 34.84% of overall CPLF revenues reported in its 990 Tax Returns from 1998 through 2015.

Exhibit L: CPLF Revenue Breakdown – 1998 TO 2015

Year	CPLF Revenue	Breakdown of the CPLF Revenue:					
		Copier Program		Other		Investment	
		Revenue	%	Revenue	%		%
1998	\$71,973.00	\$6,847.00	9.51%	\$64,441.00	89.53%	\$685.00	0.95%
1999	\$85,430.00	\$12,919.00	15.12%	\$69,564.00	81.43%	\$2,947.00	3.45%
2000	\$24,445.00	\$12,312.00	50.37%	\$8,022.00	32.82%	\$4,111.00	16.82%
2001	\$46,016.00	\$11,098.00	24.12%	\$32,074.00	69.70%	\$2,844.00	6.18%
2002	\$55,221.00	\$9,538.00	17.27%	\$44,345.00	80.30%	\$1,338.00	2.42%
2003	\$48,552.00	\$9,528.00	19.62%	\$38,013.00	78.29%	\$1,011.00	2.08%
2004	\$43,826.00	\$7,506.00	17.13%	\$34,735.00	79.26%	\$1,585.00	3.62%
2005	\$43,245.00	\$9,055.00	20.94%	\$30,306.00	70.08%	\$3,884.00	8.98%
2006	\$39,485.00	\$4,358.00	11.04%	\$25,601.00	64.84%	\$9,526.00	24.13%
2007	\$45,783.00	\$6,730.00	14.70%	\$23,642.00	51.64%	\$15,411.00	33.66%
2008	\$25,946.00	\$7,016.00	27.04%	\$9,341.00	36.00%	\$9,589.00	36.96%
2009	\$86,735.00	\$760.00	0.88%	\$82,257.00	94.84%	\$3,718.00	4.29%
2010	\$131,606.00	\$0.00	0.00%	\$129,136.00	98.12%	\$2,470.00	1.88%
2011	\$67,755.00	\$67,604.00	99.78%	(\$3,169.00)	-4.68%	\$3,320.00	4.90%
2012	\$107,544.00	\$85,665.00	79.66%	\$17,971.00	16.71%	\$3,908.00	3.63%
2013	\$139,789.00	\$94,851.00	67.85%	\$33,567.00	24.01%	\$11,371.00	8.13%
2014	\$413,597.00	\$107,950.00	26.10%	\$260,606.00	63.01%	\$45,041.00	10.89%
2015	\$135,943.00	\$108,158.00	79.56%	\$17,798.00	13.09%	\$9,987.00	7.35%
Totals	\$1,612,891.00	\$561,895.00	34.84%	\$918,250.00	56.93%	\$132,746.00	8.23%

Source: Data included in Exhibits L and M was taken from CPLF 990 Tax Returns.

In 2011, CPL began managing the Copier program on behalf of CPLF. As Exhibit M Illustrates, from 2011 through 2015, CPLF generated a surplus (profit) of \$214,824. CPLF's 2014 revenues included a \$261,225 endowment, which could not be expended.

Exhibit M: CPLF's Annual Profit/Loss 2011 through 2015

Year	Total	Program	Management	Total	CPLF Profit/Loss
	Revenue	Expense	General Expense	Expense	
2015	\$ 135,943.00	\$ 106,973.00	\$ 50,191.00	\$ 157,164.00	\$ (21,221.00)
2014	\$ 413,597.00	\$ 140,114.00	\$ 8,338.00	\$ 148,452.00	\$ 265,145.00
2013	\$ 139,789.00	\$ 151,030.00	\$ 72,596.00	\$ 223,626.00	\$ (83,837.00)
2012	\$ 107,544.00	\$ 11,763.00	\$ 46,904.00	\$ 58,667.00	\$ 48,877.00
2011	\$ 67,755.00	\$ 28,444.00	\$ 33,451.00	\$ 61,895.00	\$ 5,860.00
	\$ 864,628.00	\$ 438,324.00	\$ 211,480.00	\$ 649,804.00	\$ 214,824.00
Average over 5 yrs	\$172,925.60	\$87,664.80	\$42,296.00	\$129,960.80	\$42,964.80

However, as Exhibit N illustrates, CPL experienced a net benefit of only \$80,078, or \$16,016 annually, from the Copier Program once its staff costs and IT costs were taken into consideration. Thus, the net economic benefit CPL was receiving was comparatively low, particularly when compared to total CPLF revenue during the five-year period (minus the endowment) of \$603,403 (Copier Program revenue was \$464,228; FOL support was \$163,909).

Exhibit N: Economic Benefit/Loss to CPL for the CPLF Copier Program

Year	Program Support Provided by CPLF	Annual City Salaries and Benefits Provided towards Copier Program		CPL Staff Cost to Operate Program	Estimated Economic Benefit/Loss
		Library Staff	IT Staff		
2015	\$106,973.00	\$50,038.00	\$32,265.00	\$82,302.99	\$24,670.01
2014	\$140,114.00	\$48,580.58	\$31,325.24	\$79,905.82	\$60,208.18
2013	\$151,030.00	\$47,815.53	\$30,831.93	\$78,647.46	\$72,382.54
2012	\$11,763.00	\$47,815.53	\$30,831.93	\$78,647.46	(\$66,884.46)
2011	\$28,444.00	\$23,554.45	\$15,188.15	\$38,742.60	(\$10,298.60)
Totals	\$438,324.00	\$217,804.08	\$140,442.24	\$358,246.33	\$80,077.67
Avg/ Yr	\$87,664.80	\$43,560.82	\$28,088.45	\$71,649.27	\$16,015.53
Source: CPL Administration provided the cost of CPL and IT staff					
Note: this analysis does not include the annual maintenance fee to maintain Comprise because the IT staff was unable to break out the cost of the CPLF Copier Program					

CPLF's reliance on CPL Resources to operate the Copier Program and the absence of an MOU was creating other issues for CPL.

- a. **Inefficient use of Library Staff Time.** CPL staff were used to perform accounting functions such as cash handling and reconciliations for CPLF's Copier Program, which resulted in CPL staff taking time away from their normal library duties. This practice cost the City approximately \$50,038 in FY 2015. CPLF also used IT staff time to support the Copier Program. CPL dedicated approximately \$32,265 in FY 2015 in IT staff time to maintain the systems for CPLF's Copier Program.

In addition, CPLF also used Library Payment Center (LPC) machines purchased by the City to collect Copier Program fees. In 2016, CPL's LPC machines reached the end of their useful life. The City's cost to replace the LPC machines was approximately \$70,000.

- b. **Disagreement on Obligation for Outstanding Customer Account Balances.** There was no MOU that governed the relationship between CPL and CPLF. Because of the absence of an MOU, there was nothing in writing that required CPLF to recognize \$54,943 for unused CPLF customer balances in CPL's Smart Access Manager (SAM) accounts as of June 2017. Although these amounts were owed to CPL's patrons and directly related to the Copier Program, it appeared that the copier fees were recognized as revenue on CPLF's financial statements but the unused balances were not recognized as a liability. CPLF only recognized an obligation for the paper supply and maintenance service of its copiers.
- c. **Comingling of City Funds with CPLF Funds.** CPLF benefited from the use of the City Treasurer's credit card processing system. Additionally, CPLF used the City's PeopleSoft accounting system to record revenues generated by online debit and credit card transactions, as well as those received at the customer service desks, resulting in the comingling of CPLF financial records with City records. Funds collected through the City's credit card processing system were posted to a City PeopleSoft project account specifically designated for CPLF.
- d. **IT Security Issues.** The City's IT Director and CPL's IT Manager both had security concerns about providing CPLF with information on how the City protected its Virtual Local Area Network (VLAN) to ensure Payment Card Industry (PCI) to protect customers' credit card data. Since it was standard City security practice not to provide the City's network information to third parties, CPL's IT Division did not release the protected VLAN information requested by CPLF. Allowing access would have provided CPLF access to the City's secured servers and internal network. This was an unacceptable risk to the City.

Other CPLF Issues

- a. Questionable Foundation Expenses.** Audit Services analyzed a sample of CPLF accounting records located at CPL. Several CPLF checks may have been for questionable expenses. These checks were as follows:
- Check#1755 dated 6/24/2013 (amount \$201.82) paid for a party at South Norfolk Memorial Library as an additional gift for the former Library Director.
 - Check#1756 dated 6/24/2013 paid for a \$500 Coach e-gift card for the former Library Director.
- b. Questionable CPLF Deposits.** It also appeared that, of the total 246 customer checks analyzed in CPLF deposits, 60 checks dated between 2005 and 2012 appeared to be the property of the City. These checks were written to CPL or a library branch location with no mention of CPLF. Additionally, seven (7) checks dated in 2011 and 2012 were written to the Friends of the Library (FOL) and were recorded with CPLF deposits. In a letter dated March 3, 2017, FOL indicated that they did not take issue with these deposits.
- c. Legal Exposure and Potential Reputational Damage to the City.** Based upon our limited review of the CPL's cash handling and accounting methods for CPLF, there was the potential for City legal exposure due to CPL employees handling cash and checks for CPLF, the recording of CPLF revenues, expenses, and liabilities on the City's PeopleSoft financial system, and the disagreement over CPL SAM customer account records.
- d. Credit Card Processing for Copier Program.** CPL allowed its patrons to load funds onto their SAM accounts. In theory patrons should always be able to access those funds. However, CPLF had unlimited ability to obtain funds owed them from the Copier Program. This created a situation where, if a patron wanted to "cash out" their copier money, it would potentially have to be covered by CPL funds. CPLF was not required to keep a balance equal to or greater than the patrons' SAMs Library card balances. CPLF had authorization to spend all funds collected from the patrons creating a potential liability for the City.
- e. Potential for Conflict of Interest -** There appeared to be a potential for conflict of interest because a member of the Chesapeake Library Board was also a salaried employee of CPLF in 2015, serving as the CPLF Executive Director. The lack of an MOU between CPL and CPLF exacerbated this risk.

This situation occurred for several reasons. First, there was no MOU between the CPL and CPLF. Audit Services had recommended a MOU in a 2010 audit, and the City had drafted several versions. CPLF was only presented with one and had not agreed to it. Second, CPLF relied heavily on CPL staff to manage the administrative tasks required for its Copier Program. This reliance created several operational issues, including inefficient use of CPL staff and commingling of City funds with CPLF funds without the aforementioned MOU.

Unless this situation is addressed, CPL staff will continue to be used to provide financial and operational support for CPLF's Copier Program without an MOU. The inefficient use of staff, questionable financial practices, and comingling of funds also created potential operational, reputational, and legal risks for the City.

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

Discontinuing the Copier Program will allow CPL to utilize its staff more efficiently and reduce the City's potential reputational and legal exposure for CPLF activities. Further, if the program is discontinued and the City decides to purchase the copiers from CPLF, we suggest that the book value of the copiers be considered when the purchase is made. The book value as of December 2015 was \$14,103.

If the City and CPLF do agree to an MOU, the agreement should clearly outline the responsibilities of each party. More specifically:

- Each party's responsibility for accounting functions such as cash handling and reconciliations should be clearly defined.
- The disagreement on outstanding customer balances should be addressed and resolved
- CPLF funds should be recorded and accounted for outside of the City's PeopleSoft financial system
- CPL and CPLF need to address how to resolve the VLAN issue
- CPLF should deposit only CPLF checks. Other checks should be given to the City or the FOL as appropriate
- The SAM card issues should be resolved
- The MOU should address potential conflicts of interest between the parties

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 –

Background

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.

Financial Summary

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.

Funded Items

Many significant projects and important programs have been funded with the proceeds:

- 1. Renovate and equip the Children's Rooms at all 7 libraries**
- 2. Provide furnishings for the History Room**
- 3. Provide staff and volunteer recognition**
- 4. Fund 12 editions of The Loop**
- 5. Develop a strategic plan for the library**
- 6. Purchase Early Literacy and STEAM activity supplies**
- 7. Provide carpet and furnishings for Central Library**
- 8. Provide carpet for Greenbrier Library**
- 9. Develop a branding strategy and marketing materials for CPL**
- 10. Set up the café in the new South Norfolk Library**

Audit Findings Summary

We acknowledge the auditor's concerns about the potential liability associated with City employees handling Foundations monies, the co-mingling of credit card

transactions, and the outstanding balances on patron's library cards – though we feel those issues could be successfully addressed in an MOU.

We disagree on the following points:

■ **Cost of Staff Time**

Earlier this year, the Foundation conducted a study to determine the amount of staff time required to manage the project. Based on our findings, we believe the numbers used in the audit are greatly inflated. The report states that the library realized a “net benefit of only \$80,078.” We feel this is an unfair view of the partnership. The City has received more than \$574,971 in “real investments” (not in-kind services) in exchange. Furthermore, we disagree with the auditor's assessment that “discontinuing the program will allow CPL to utilize its staff more efficiently.” Regardless of who owns the equipment – the City or the Foundation -- the amount of staff time required would be practically the same. Staff would still need to empty the machines, reconcile the accounting reports and provide IT support. In our assessment, the cost of staff time would likely increase if the City owned the machines. That's because the reconciliation process for the City Treasurer is more cumbersome and requires more time than the reconciliation process used by the Foundation. From our study, we identified several areas where processes could be streamlined—which would significantly reduce the amount of staff time while also improving the patron's experience. We've shared the results of our study with City Staff for consideration.

■ **City Ownership = Benefit to the Library**

As the auditor mentions in the closing paragraph, we are currently working with Staff on a plan to transition the project to the City. However, a transition in ownership could create a significant financial loss to the library. The net proceeds from the program in 2016 were \$87,586 (after maintenance, Brinks and paper). If the City owned the machines, the City would receive full benefit of the net proceeds. However, the net proceeds would go to the general fund of which the library receives roughly 1.7% (in this case only \$1,489)--creating a significant a loss which would result in cuts to critical projects and possibly the elimination of popular programs like Smart Start Chesapeake Early Learning, STEAM and outreach initiatives.

■ **IT Security Issues**

The audit report mentions the segmented network (VLAN) established to securely process credit card transactions. The VLAN would still be needed if the City owned the machines.

■ **Questionable Expenses**

The report identifies two expenses totaling \$701.82 as “questionable.” Both expenses were associated with the retirement of the last Library Director

(food and gifts). As a non-profit organization—wholly separate from the City—we are permitted to use a portion of our proceeds to acknowledge the contributions of those who support the library. Over the years, we've given thousands of dollars to acknowledge the contributions of staff and volunteers. According to our CPA, a retirement gift for a library director is perfectly acceptable. In July of 2008, we gave \$1,850 for a retirement party for then-Director Peggy Stillman. When the City audited the Foundation in 2010, that expense was not identified as "questionable."

Explanations & Actions:

■ **Questionable Deposits**

The audit report states that 60 checks appeared to be the property of the City. After a full review, some of the checks were written by patrons purchasing Foundation event tickets or paying for silent auction items and the patron simply left off the word "Foundation." Some checks were written as a donation to the library and were deposited in the Foundation account in order to streamline the process. This was a traditional way of managing donations – spanning back with the last three Library Directors. It was easier to deposit a donation into the Foundation account instead of the City account, because the funds would have been held by the City until Council appropriated them which is a lengthy and cumbersome process. By depositing them into the Foundation account, the library was able to use the monies as soon as the checks cleared. We kept careful accounting of donations and returned all donated monies to the library. Before, checks were deposited into the Foundation account by City Staff. Now, the Foundation's Business Manager manages all deposits in accordance w/ our Financial Policy, so this scenario would not happen going forward.

The seven checks written to the Friends of the Library were for Novel Nights tickets. Copies of the checks were provided to the Friends organization, and they acknowledged in writing that the funds were intended for Novel Nights and did have an issue with the deposits.

■ **Potential Conflict of Interest**

The auditor raises the question about a paid Foundation staff member serving on the Chesapeake Library Board. We were unaware of the potential conflict. The Library Director recommended the appointment in an effort to strengthen alliances between the Foundation and the Library Board. Should the City Attorney deem this as a true conflict, the member will resign from the Chesapeake Library Board.

2. Staffing Challenges

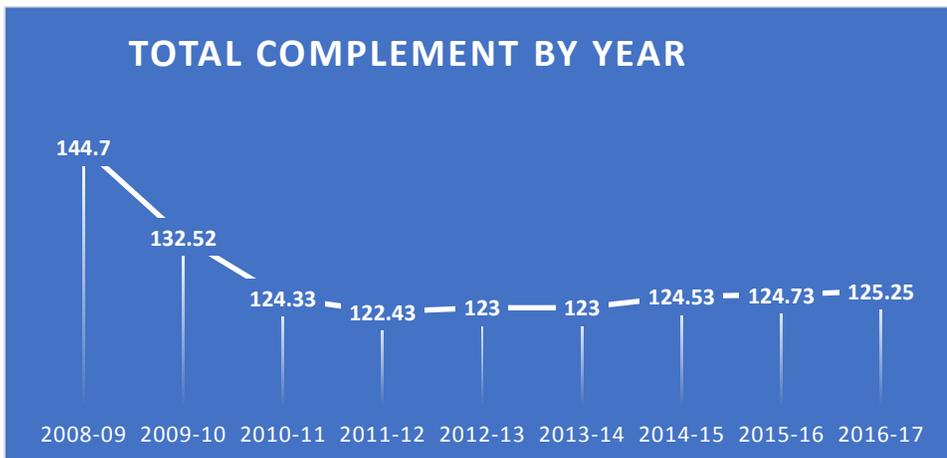
Finding - CPL was experiencing significant staff turnover which adversely impacted operations and required ongoing staff training. Also, CPL did not have a Senior Central Library Manager or a Fiscal Administrator function to oversee fiscal responsibilities for all seven (7) library locations.

According to an article from TLNT, a talent management and HR publication “When you consider all of the costs associated with employee turnover – including interviewing, hiring, training, reduced productivity, lost opportunity costs, etc. – here’s what it really costs an organization:

- **For entry-level employees, it costs between 30-50 percent** of their annual salary to replace them.
- **For mid-level employees, it costs upwards of 150 percent** of their annual salary to replace them.
- **For high-level or highly specialized employees, you’re looking at 400 percent** of their annual salary.”

Karlyn Borysenko, TLNT Talent Management and HR

Exhibit O

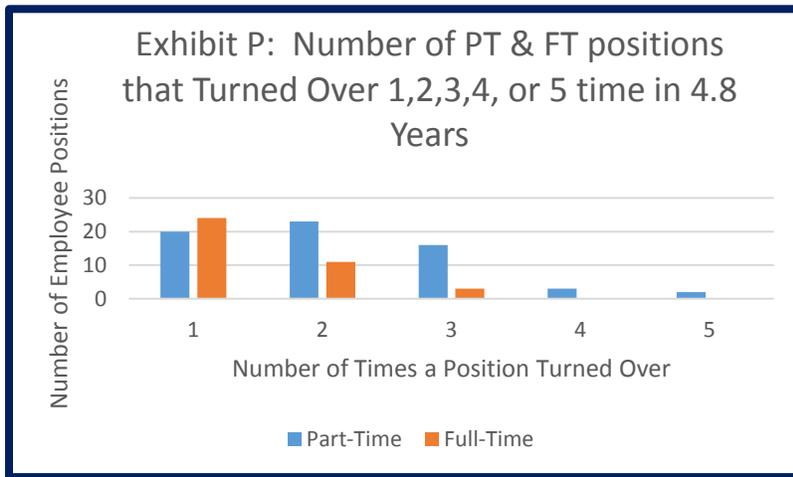


Source: *City of Chesapeake Annual Budget Records*

The CPL’s staffing complement declined by approximately 16%, from a high of 144.7 Full Time Equivalents (FTE’s) in FY 2008 to 125.25 FTE’s in FY 2016. In the FY 2011 budget, CPL’s staff complement was reduced to help balance the budget. Funding was also reduced for the materials purchase budget, which impacted the acquisition of new items available to be checked out. CPL’s complement bottomed at 122.43 in FY 2012. From that point, CPL began to experience a small recovery in the number of positions.

a. Staff Turnover

Although CPL had begun to recover positions, they were experiencing significant difficulties with staff turnover. Based on an analysis of Munis HR/Payroll Records for a 4.8-year period from March 2011 through April 6, 2017, we noted that out of 171 Full Time (FT) and Part Time (PT) library positions, 102 (or 60%) of positions turned over. Of the 102 positions, 38 (or 37%) were FT library positions, and 64 (or 63%) were PT library positions. Twenty-four (24) FT positions turned over at least once, while 23 PT positions turned over at least twice within the 4.8-year time span analyzed. Additionally, 21 other PT positions turned over between 3 to 5 times within the same time span.



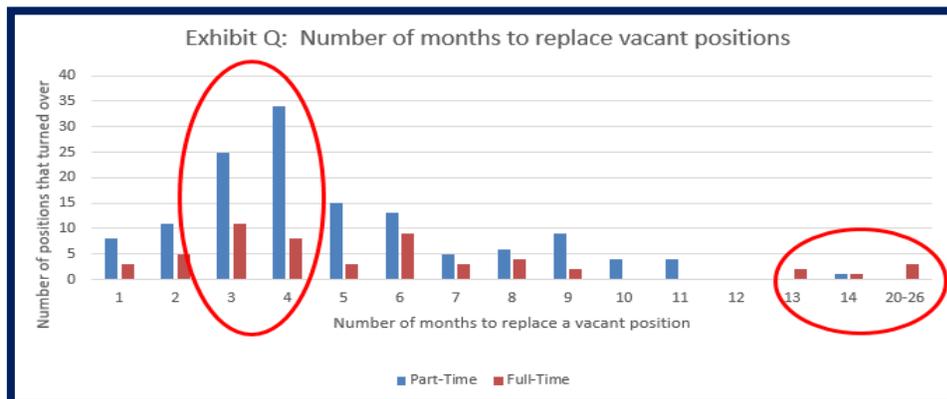
No. of times a position turned over in 4.8 yrs.	Part-Time	Full-Time
1	20	24
2	23	11
3	16	3
4	3	0
5	2	0
6	0	0
	64	38

The Sixty-four (64) PT positions experienced 136 vacancies in the 4.8-year period:

- It took three to four months for CPL to fill 59 of the vacancies.
- It took between five and eleven months to fill 55 of the vacancies.
- One vacancy took 14 months to fill.

The Thirty-eight (38) FT positions experienced 55 vacancies in the 4.8 year period:

- It took two to four months to fill 24 of the vacancies.
- It took five to nine months to fill 20 of the vacancies.
- It took between 13 and 14 months (over a year) to fill three of the vacancies.
- It took in excess of 20 months to fill three other vacancies.



No. months to replace an employee	vacancies per PT & FT Categories	
	Part-Time	Full-Time
1	8	3
2	11	5
3	25	11
4	34	8
5	15	3
6	13	9
7	5	3
8	6	4
9	9	2
10	4	0
11	4	0
12	0	0
13	0	2
14	1	1
20-26	0	3

As of FY 2017, CPL had a complement of 81 part-time and 81 full-time staff, which equated to the total of 125.25 FTEs. Out of the total FTEs, six (6) were responsible for overall CPL administration processes and an additional six (6) were responsible for CPL's Information Technology. The remainder were responsible for the management and daily operations of CPL's fifteen (15) service desks, security, and Collection Management Services Division for CPL. The same staff was also responsible for facilitating the YFS and Adult Services programs offered throughout all seven (7) libraries and on the two (2) ME vans. However, CPL expressed concern that the libraries had been chronically understaffed with a continual turnover, thus keeping the staff in a constant state of training.

Using the YFS program as an example, programs that were generally six (6) weeks in length required a librarian to work sixty (60) hours. For each twenty (20) hour PT person, YFS estimated that it took two (2) months for that person to be sufficiently trained to assume their job position somewhat independently. YFS experienced multiple challenges in recruiting and retaining sufficient staff, especially those considered PT. Some of those staffing challenges were as follows:

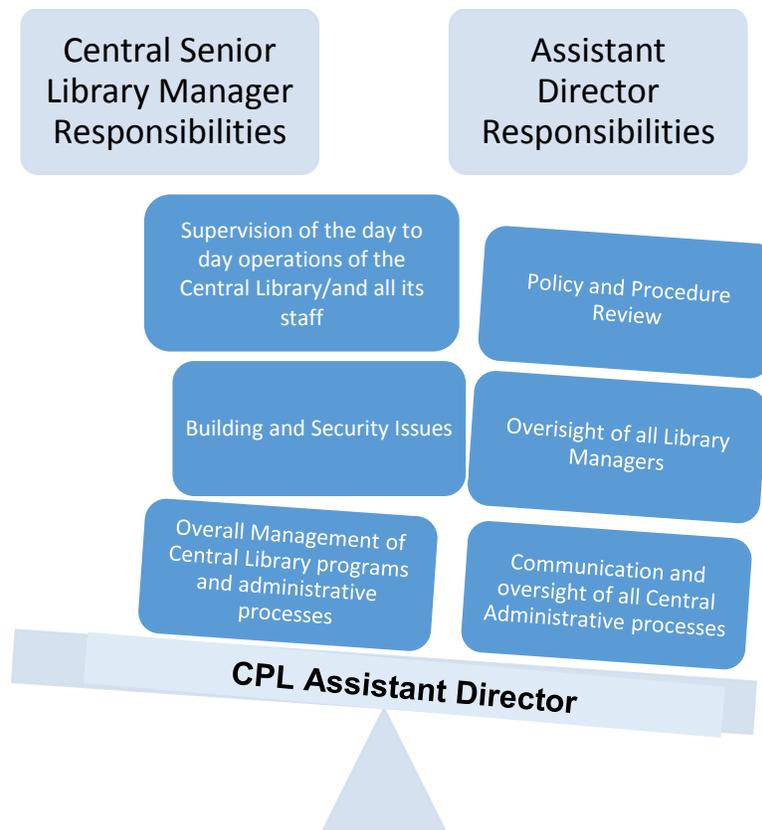
- **PT staff were looking for FT work.** These PT staff tended to look to move to FT jobs within a short period of time. Time was spent training PT staff that then moved on within months of being hired.
- **The candidate pool was largely made up of Millennials looking for FT work with benefits and some FT teachers looking for PT.** In the past CPL attracted and hired stay-at-home moms, supplemental income workers, and those who were not particularly concerned about salary because they already had benefits in the family. Millennials hired were constantly leaving for full-time work. This kept CPL in a constant cycle of training and hiring. It was commonplace for PT employees to leave for FT employment within months of their hire date.
- **Issues with training PT employees.** The constant need to replace staff, especially PT staff, required other staff to put aside their day-to-day responsibilities to bring new hires up to speed. This situation created work backlogs which in turn created additional stresses on the existing staff.
- **Administrative staff was short staffed.** The PT Office Specialist II was responsible for processing all of the HR paperwork, and when she was not available, the necessary new hire paperwork did not get processed. This created time lags in the hiring process for the vacant positions. According to management, the new hire paperwork and processing took between three to six months. This created a bottleneck and slowed down the hiring process as the speed at which the paperwork was processed was dependent on the Office Specialist's work load. Her other responsibilities also included processing evaluations, maintaining confidential employee files, and creating management reports.
- **There was a need for some of the PT positions to become FT.** Converting some PT positions to FT would have reduced turnover, allowed for greater consistency, and would have resulted in more hours actually worked.
- **Programs suffered from constant turnover.** Staff had difficulty servicing programs. YFS held only seven (7) youth programs during the summer of 2016

(in addition to regular youth classes), but could barely keep the programs functional. YFS was planning to reduce the number of programs in the summer of 2017, creating a potential adverse impact on customer expectations.

b. Central Library Manager and Fiscal Administrator

As part of the aforementioned reduction in force, a key position, the Senior Library Manager for the Central Library, was eliminated in March of 2011 and those or the corresponding responsibilities were transferred to the Assistant Director. On November 21, 2013, the Library Director requested that the Senior Library Manager position be reinstated, however, the request was denied. According to CPL staff, the absence of this position adversely impacted the operational coverage needed to maintain day-to-day operations for the Central Library, while compromising the administrative and program responsibilities of the Assistant Director for overall CPL oversight.

**Exhibit R:
Workload absorbed by the Assistant Director of CPL**



The financial administration staff had its own set of challenges. The staff consisted of only one Accountant II position to handle the accounting and fiscal administration responsibilities for all of CPL. This position oversaw the work of one Payroll/Human Resources Technician I. The staffing levels, and CPL's lack of a Fiscal Administrative position, did not allow for segregation of duties necessary to provide the proper level of checks and balances within CPL's accounting functions. The lack of a Fiscal Administrator also required larger, more complex projects to be carried out by the Accountant II, compromising her day to day tasks. The table shows the volume of transactions processed by the Accountant II for FY 2015-16

The Accountant II position:

- Managed the financial and accounting needs of all seven (7) Library branches, Library IT, and the Collection Management Division.
- Worked with Finance, Purchasing, and Budget to process required documents and complete projects related to by these departments.
- Oversaw the Payroll/HR Technician who was responsible for paying the Library's invoices, processing of payroll for all 7 branches, and assisting the Office Specialist II with some of the HR functions.
- Filled in as needed for the Payroll/HR Technician

Exhibit S: Quantity of Transactions Processed in FY2015-16

Type of Transaction	Quantity Processed
Invoices	7,604
Requisition/Purchase Orders	799
Non-PO Vouchers	2638

Exhibit T
2016 Financial Services Complements
For CPL, CP,R&T, Fire, and Police

Job Titles	CPL	CP,R&T	Fire	Police
Fiscal Admin		1	1	
Accounting, Business Manager				1
Management Analyst		1		
Accountant III				
Accountant II	1	1		
Accountant I				1
Accounts Supervisor			1	
Account Technician III –Payroll		1		
Account Technician III – Accounts		1		1
Account Technician III – Accounts Receivable		1		
Account Technician II- Purchasing/Travel/Acct.			1	
Account Technician II- Accounts Payable			1	
Payroll Technician I		1	1	
Payroll Technician II			1	1
Payroll/Human Resources Technician I	1			
Office Assistant II		1		
Office Specialist II			1	
Total Number of fiscal personnel	2	8	7	4
Number of Building Locations for Each Department	7	12	17	7

Source: City of Chesapeake Phone Directory

Note: CP,R&T is Chesapeake Parks, Recreation and Tourism Department

This situation occurred because CPL had not recovered from the reduction in complement size that began with the FY 2011 budget. Additionally, the staffing model of heavily using PT staff was not working for CPL and often resulted in creating temporary work for PT staff until they were able to find FT employment with benefits elsewhere. Finally, the onboarding process was time consuming and delayed the hiring process.

The staff turnover issues impacted the delivery of library services to the public, and lack of a Central Library Manager and a Fiscal Administrator impacted overall library management as well as financial management and internal controls. Recruiting, onboarding and orientation were the most obvious costs. However, there were also hidden costs that needed to be consideration. In an article on employee retention, Josh Bersin of **Bersin by Deloitte** outlined factors a business should consider in calculating the "real" cost of losing an employee. These factors included:

- The cost of hiring a new employee including advertising, interviewing, screening, and hiring.
- Cost of onboarding a new person, including training and management time.

- Lost productivity—it may take a new employee one to two years to reach the productivity of an existing person.
- Lost engagement—other employees who see high turnover tend to disengage and lose productivity.
- Customer service and errors—for example new employees take longer and are often less adept at solving problems.
- Training cost—for example, over two to three years, a business likely invests 10 to 20 percent of an employee's salary or more in training
- Cultural impact—whenever someone leaves, others take time to ask why.

To accommodate the lack of sufficient staff, existing staff was absorbing the additional workload by putting aside projects, foregoing updates of policies and procedures, and delaying other tasks to allow day-to-day operations to continue.

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.

CPL should work with the local colleges and university job fairs, job boards, and work/study programs to assist in the recruitment processes for the CPL full-time complement and volunteer program. CPL should also work with the City to convert some of the PT staff into FT positions needed for CPL to increase the employee retention required for the YFS and Adult programs. The City should also evaluate whether the mixture of FT and PT positions is appropriate, and make adjustments as necessary.

In addition, the City should also consider reinstating the Senior Library Manager for the Central Library and should review the need for a Fiscal Administrator for CPL, and increasing the administrative staff to reduce the bottlenecks created by having limited staff to handle HR onboarding, payroll, and accounting processes. Augmenting CPL staff would also allow for the creation of the appropriate level of segregation of duties.

CPL 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. Currently, it is the only Chesapeake library that has no dedicated manager. Managing the building and attendant issues falls primarily to Assistant Director, who must shoulder those day-to-day operational responsibilities as well as the higher-level responsibilities of the Assistant Director position. In the Assistant Director's absence, the responsibilities fall to the Director, Library Administration support staff, department managers or Central Library staff present on the public service desks.**
- **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**

To address these issues, the Library will:

- **revisit submitting a Request for Position Complement Change for FY 18-19 for the Senior Library Manager position**
- **work with Finance and Human Resources to determine the appropriate level of additional staffing in the Library's Accounting Department**
- **work with Human Resources to acquire an appropriate level of additional administrative staff position(s) to help ease the bottlenecks.**

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.

According to a Departmental regulation from the Public Works Department;

Purpose. *The purpose of this Departmental Regulation is to establish a policy and procedures for facility security.*

Policy

A. Each facility shall provide a level of security to protect buildings, equipment, employees, and the public from vandalism, theft, damage, or other risk.

B. Security shall be provided by some combination of the following: fencing, access control, authorized/unauthorized users, alarms, emergency procedures, and other security measures as necessary.

Procedures

A. The host department shall determine and implement the appropriate security level when a facility is designed and commissioned.

B. The Facilities Construction Project Manager for a new facility shall ensure that the design incorporates the necessary security elements (from desk, alarm systems, access controls, etc.)

C. Once the facility is in operation, the host department shall be responsible for any modifications to security level and procedures. City Hall, the two Court buildings, and Public Safety are somewhat different because they have multiple tenants – Municipal Facilities is responsible for overall security in City Hall, the Sheriff is responsible for overall security in the two Court buildings, and the Police Chief is responsible for overall security in Public Safety and Animal Services.

**Chesapeake Department of Public Works
Departmental Regulation 953 dated 11/04/13**

The CPL tracked incidents at the various library branches. There were three levels of tracking: an Incident Recording Log, a Formal Incident Report, and Illegal Activity Incidents. Incident Log Recordings were the least severe level while items in the Illegal Activity Incidents oftentimes involved police intervention. These activities ran the gamut from verbal abuse of staff and patrons, to pornography, and physical altercations.

Due to the number and severity of incidents over the years, CPL had monitored three libraries for additional attention. These three libraries accounted for 86.5% of Incident Log Recordings, 48% of Formal Incident Reports, and 65% of illegal Activity Incidents. These libraries - Cuffee, Indian River, and South Norfolk - were responsible for 77% (10 of 13) of all physical altercations that occurred in CPL libraries during the years 2015 – 2017. Data from 2013 and 2014 showed that there were 16 additional cases of physical altercations at these libraries. (The number may be higher but the illegal incidents reports were missing for 2014 at Cuffee). This perceived high level of incidents had CPL deploy armed police officers to these libraries in order to "... protect buildings, equipment, employees, and the public from vandalism, theft, damage, or other risk."

Exhibit U: Summary of Incident Reports for Cuffee, Indian River, and South Norfolk from 2013 through 2017 (May 4, 2017)

Year	Incident Log Recordings - 2013 - 2017	Formal Incident Reports - 2013 - 2017	Illegal Activity Incidents - 2013 - 2017
<u>Cuffee</u>	16	82	21
Indian River	318	102	38
South Norfolk	90	141	125
Total	424	325	184

The City was in the process of drafting a City-wide “Video Surveillance System Policy and Procedure” Administrative Regulation (AR) to address the City’s surveillance of public areas intended to prevent, deter or investigate crime and assist in protecting the safety and property of the Chesapeake community. According to the November 2, 2015 draft document of the City’s Video Surveillance Policy and Procedure:

“Purpose of this policy is to establish citywide guidelines and uniform procedures for the use, management, dissemination, storage and retrieval of video surveillance systems administered by the City of Chesapeake. As used herein, a “Video Surveillance System” is defined as a system of monitoring activity in a public area or public building using video recording equipment and applies to systems, other than those expressly excluded below, that enable continuous or periodic video monitoring on a sustained basis.

To ensure the protection of individual rights in accordance with established City values and state and federal laws, this policy is adopted to formalize procedures for the installation of surveillance equipment and the handling, viewing retention, dissemination, and destruction of surveillance records.”

Library Branch Security and Cameras. According to Library Management, the initial video surveillance cameras were rolled out in the Indian River Library. However, in the absence of written guidelines for the proper use of the equipment, staff members began using the equipment to inappropriately monitor other staff members. To restrict the abuse of the equipment, access to the security videos was restricted to the Library’s IT staff. Subsequently, procedures had been written to specifically restrict monitoring of video surveillance to Library IT staff. To gain access to historical footage, Library staff were required to complete an incident report, which would support the request for video surveillance.

In the absence of an officially approved City-wide Security AR, both the Library and Facilities Management recognized that the implementation of video surveillance

systems evolved over time, with issues being addressed on a case-by-case basis. Both worked through issues that had never been dealt with before for cameras, alarm systems, panic buttons, and other security devices.

In reaction to the lack of clearly defined security responsibilities, the Library's IT staff took the initiative to get involved and began to address the security system issues while the City continued its efforts to formalize its City-wide Video Surveillance AR. According to the Library IT Manager, his division already started reviewing the computer security capability. When IT started looking into the administration of video surveillance, they learned that all users had one blanket administrative right. The users weren't restricted from taking pictures and video. IT has since taken control of the system security rights and had the ability to:

- Restricted specific users to "view access only."
- Restrict viewing that will stream across the Wide Area Network (WAN).

Panic Buttons. The Library's IT Manager had also taken the initiative to test and determine which panic buttons were working, which ones were not, and repair them. Since the IT staff was not involved in the initial installation of the panic buttons, IT was unaware if there was any standard used at the time of installation. IT noted that the panic buttons were in the same locations where they were initially installed before the IT Manager was hired. They also discovered during their testing of these buttons that there was a mix of wired and wireless buttons.

911 Emergency Testing. According to the IT staff, they tested the 911 emergency call number on their Voice Over IP phone lines, a standard library procedure used to verify the Library's location at Police dispatch. Since these were not standard phone lines, 911 police dispatch was receiving incorrect library addresses. IT has since resolved this issue discovered through their routine testing.

Alarms. According to IT, the Library had been having issues with the security alarm and determining locations of the source of trouble calls within the Library buildings. Library Managers had always contacted Facilities Management in the past to resolve issues with the City's security systems by submitting Facilities Maintenance work orders. According to IT, responses to work orders for security issues had been slow due to the sale of the security contractor to a larger company. IT was contacted by a different City security vendor, asking for database information and zone maps. Historically, CPL IT had not been responsible for the management of security systems, but they took the initiative to work with Facilities Management and the security vendors. IT was also working to help document the layout of the Library's security systems, and to ensure Police were routed to the correct trouble call locations - responsibilities that were always managed by Facilities Management and the two security vendors.

IT management has also assisted in creating a spreadsheet that compiled the status of all alarms installed in the libraries based on library staff members' feedback. The information was sent to the security vendor and the issues were subsequently fixed.

Since IT was not required to manage the security contract, the company was not required to follow up with IT on the status of contract work performed. However, The City would need to provide thorough training and clear lines of responsibility in order for CPL IT to take on additional responsibilities for security (alarm pins, panic buttons, building door alarms.)

Sheriff's Deputies. The Dr. Clarence V. Cuffee, South Norfolk Memorial, and Indian River were the only library locations to have Sheriff Deputies. The others did not. The library staff closing the buildings were required to leave the premises in pairs.

There were several reasons for the security issues:

- There was no City-wide AR that adequately addressed all aspects of security resulting in a lack of understanding of roles and responsibilities between the Library, Facilities Maintenance, and security vendors.
- There seemed to be a lack of transparency regarding the Internal Public Works Departmental Regulation 953 regarding facility security.
- Although the City began drafting a City-wide "Video Surveillance System Policy and Procedure," there was no timeline for a formal effective date of implementation. Additionally, the document was too restrictive towards the use of Library Management's use of monitoring the video surveillance system policy and procedures.

The lack of a City-Wide AR regarding security created communications issues regarding roles and responsibilities among departments resulting in compromised security, which could adversely affect the response times to emergency calls.

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.

CPL should work with Facilities Management to review the Library Security Guidelines Document published by the American Library Association (ALA) to determine if the level of security measures taken by the City are consistent with the guidelines established by the ALA.

CPL 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.

A failover system automatically and transparently redirected requests from a system that had failed or was classified as a down system to the backup system that mimicked the operation of the primary system.

Prior to the Information Technology Manager's arrival, the Library had a complete data loss. The prior administrator retired almost immediately after that happened. IT worked hard to make sure that never happened again. IT ran Veeam Enterprise with logs containing all the backups. IT did full backups nightly for most things. The division also ran hourly backups for its Integrated Library System (ILS) database. The data was stored in two (2) places. IT had an EMT Data Domain and storage boxes. One was located in the Central Library data center and the other was replicated every night at another remote location. CPL had redundant backups in two locations. However, the IT division did not have failover sites that could read the redundant backups.

IT had 369 virtual machines in the libraries, many of which were VDI (Virtual Desktop Infrastructure). IT also had 100s of public computers. They also had the following:

Infrastructure Servers which ran in the background and were not public facing.

- **Symphony's 2012 server** was the work horse of the Library. It ran the Sirsi-Dynix system which was IT's integrated library system. Symphony ran in the background and handled checkouts. When a library customer wanted to check out an item, that person scanned their account card which was housed in Symphony. Items were placed on the pad, data was transmitted through a separate system and coordinated with Symphony. Symphony logged the customer card data with the items checked out and made them unavailable to other people. It also kept track of time (their 2 week check out period). This whole automated process took the place of the physical card, which formerly was located at the back of the book, and was used to record items checked-in and checked out, time, customer accounts, renewals, fines and fees, etc. Symphony was the most important server for library functions.
- **Exchange Email server** had two full independent domains controllers: Chesapeake.lib.va.us and the public domain: cpl.org.
- **CircIT** was the self-checkout solution. RFID tags worked using CircIT. CircIT was the intermediary that broke out the items on the RFID tag and then communicated the books' information to Symphony to check them out.
- **VDI servers** served the staff side and the public side. Both sides were fully independent and completely separate of each other for security reasons.

Website Servers

- **Website: Infopeake.org**
- **App Server** allowed library cards to be processed online.
- **EZ Librar** was the Library's classic catalog. This was the Library's backup catalog.
- **Proxy server** handled all of the requests that came through. This server proxied them internal to servers inside.

The CPL's IT Manager expressed his concern with the lack of an IT failover system:

"CPL's IT Division would have a serious failure if the boiler room located above our data center were to explode and leak over our IT equipment in the data center. If we lose our data center here in the Central Library, IT couldn't recover the CPL's IT systems and come up anywhere. This has been identified before, but the City has not been set up a project to relocate the data center from downstairs to upstairs. The City's IT Department approached CPL's IT about the new PSOB (Public Safety Operations Building) and recommended the CPL'S IT house their failover site there too. However, it appears that CPL's failover site was not included in the City's Capital Improvement Plans for July 2016 or for FY2018-22. Our data is safe because we have redundancy in another secure off-site location. However, without a failover site, it would take time and money to recreate the data center to get the CPL systems operational and back online quickly for our customers and back office use."

This situation existed because of budgetary limitations. As a result, CPL did not have a failover site in case of an emergency and would experience challenges recovering from the emergency

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.

While the need for the failover site might not be considered immediate, given the potential customer impact it should be an item considered for the capital budget. The CPL's IT division should continue to pursue it.

CPL 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.

The City Treasurer recommended that departments minimize the number of times money was counted. We noted that 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. It should be noted that the CPL recently purchased coin counting machines to assist with the cash counting process.

This situation occurred because Librarians elected to count the money several times. However, because funds were counted more than twice unnecessarily, it created risk of loss of funds.

Recommendation – CPL should revise its cash handling processes.

Since the Library staff had only 15 minutes to process money and close the building each evening, we recommend that the cash be removed from the register with the Cash Register Z Tape and locked in the safe by two people. The next business day, two people validate the cash and reconcile to the Register Tape and prepare the deposit. The cash till can be set up the next morning. This process will eliminate the need for the nightly counting. As an additional control, CPL should ensure that cash register receipts are issued to patrons for all transactions, and that all voids are approved at a higher level.

CPL 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.

One CPL strategic goal included sustainability which required the identification of capital needs. This goal was also written to ensure that physical space – existing and future – had flexibility to accommodate program needs.

We noted that 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.

Although requests were made to Facilities Management to resolve these issues, the requests had limited success. As a result, water could potentially leak and damage the books being staged in the delivery area.

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

CPL should work with Facilities Management to identify, remedy and eliminate leaks from the roof, especially potential book delivery and storage areas. They should then work to replace water damaged tile and carpet.

CPL 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.

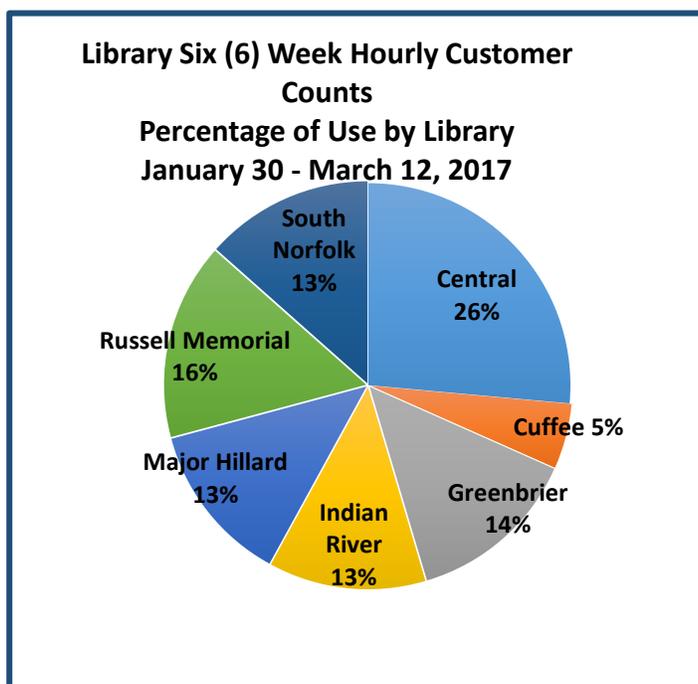
One of the CPL Strategic Plan criteria was to ensure the relevance and value of the Library and its responsiveness to community needs. The CPL tracked library usage via Hourly Count Sheets where each library surveyed the patrons and areas of the library being utilized. This data was accumulated periodically. The most recent data covering the period January 30 to March 12, 2017 showed the following:

- The total number of patrons during the six-week study period was 98,440, with average weekly usage of 16,407.
- The average number of patrons using the Cuffee Library during the study period was 5,138, per week, which equated to 5.22% of total CPL usage.

Further review of a CPL 43 week analysis showed similar results:

- The total number of patrons during the study period was 751,142, with average weekly usage of 17,468.
- The average number of patrons using the Cuffee Library during the study period was 1,033, per week, which equated to 6% of total CPL usage.

Exhibit V: Library Utilization



Low library usage was often caused by a mismatch between programs offered and the targeted community. The library was offering standard programs that were not drawing patrons.

CPL risked wasting resources that could be better utilized at different locations when there is significant underperformance at a specific location. It also risked the possibility that the library was out of touch with the needs of the community being served, driving down usage which would then adversely affect the viability of the libraries' programs.

Recommendation – CPL should explore methods of improving the

Cuffee Library's usage

CPL should consider an education campaign in the community served extolling the virtues of the library programs and the library in general. It should also consider changing the Cuffee Library's offerings and hours to better suit the patrons served.

CPL may also consider allocating Cuffee Library resources to other locations and relocating the YFS programs to other locations where the demand is greater for those services. Conversely, it should consider increasing the Adult Services programs that were in demand at that location.

CPL 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.

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APPENDIX A

RESPONSE FROM

CPL OFFICIALS

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MEMORANDUM

TO: Jay Poole, City Auditor
Audit Services

FROM: Victoria Strickland-Cordial, Director *VSC*
Chesapeake Public Library

DATE: July 12, 2017

RE: CPL Audit Recommendation Responses

The City of Chesapeake Audit Services Department recently completed the 2017 managerial audit of the Chesapeake Public Library (CPL). CPL appreciates the opportunity to respond to the Auditor's findings. It was encouraging to see that the Library's customer satisfaction rate is second only to the Chesapeake Fire Department and that CPL consistently rates above the state average in both library visits and items checked out. The citizens of Chesapeake value their Library and the high turnover rate of CPL holdings (110% more than the state average) attests to the quality of the CPL materials collection.

The findings recognize that the Library is meeting its strategic goals of developing curriculum-based classes and programs, expanding adult education opportunities, embedding inclusive cultural components into the classes and programs and creating wide-ranging partnerships to make deeper connections within the community. The Library has expanded its ability to reach all citizens with the addition of the Mobile Edition vans, which will take Library services to the next level

The Library appreciates the generous support that the Chesapeake Public Library Foundation and Friends of the Library have provided. Funding from the Foundation and Friends enabled CPL to create early literacy centers, offer Science, Technology, Arts and Math (STEAM) programming for all ages and provide educational and entertaining events for Chesapeake citizens.

The Library appreciates the time the Auditors spent with staff to assess current procedures and develop new procedures to strengthen processes. The audit identified operational issues and provided a roadmap for changes, which will be acted upon as rapidly as possible.

Cc: James E. Baker, City Manager
Dr. Wanda Barnard Bailey, Deputy City Manager

1. CPLF Copier Program

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.

2. Staffing Challenges

CPL 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. Currently, it is the only Chesapeake library that has no dedicated manager. Managing the building and attendant issues falls primarily to Assistant Director, who must shoulder those day-to-day operational responsibilities as well as the higher-level responsibilities of the Assistant Director position. In the Assistant Director’s absence, the responsibilities**

fall to the Director, Library Administration support staff, department managers or Central Library staff present on the public service desks.

- *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*

To address these issues, the Library will:

- *revisit submitting a Request for Position Complement Change for FY 18-19 for the Senior Library Manager position*
- *work with Finance and Human Resources to determine the appropriate level of additional staffing in the Library's Accounting Department*
- *work with Human Resources to acquire an appropriate level of additional administrative staff position(s) to help ease the bottlenecks.*

3. Physical Security Issues

CPL 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

CPL 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

CPL 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

CPL 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

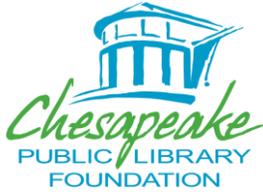
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APPENDIX B

RESPONSE FROM

CPLF OFFICIALS

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Victoria Strickland-Cordial
Ex Officio Director

Alison R. Zizzo, Esq.
Director

PO Box 16382
Chesapeake, Virginia
23328-6381

LoveMyLibrary.net

July 12, 2017

Dear Council Members,

Thank you for the opportunity to provide the following response to the audit report.

Background

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.

Financial Summary

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.

Funded Items

Many significant projects and important programs have been funded with the proceeds:

1. Renovate and equip the Children’s Rooms at all 7 libraries
2. Provide furnishings for the History Room
3. Provide staff and volunteer recognition
4. Fund 12 editions of The Loop
5. Develop a strategic plan for the library
6. Purchase Early Literacy and STEAM activity supplies
7. Provide carpet and furnishings for Central Library
8. Provide carpet for Greenbrier Library
9. Develop a branding strategy and marketing materials for CPL
10. Set up the café in the new South Norfolk Library

Audit Findings Summary

We acknowledge the auditor's concerns about the potential liability associated with City employees handling Foundations monies, the co-mingling of credit card transactions, and the outstanding balances on patron's library cards – though we feel those issues could be successfully addressed in an MOU.

We disagree on the following points:

- **Cost of Staff Time**

Earlier this year, the Foundation conducted a study to determine the amount of staff time required to manage the project. Based on our findings, we believe the numbers used in the audit are greatly inflated. The report states that the library realized a “net benefit of only \$80,078.” We feel this is an unfair view of the partnership. The City has received more than \$574,971 in “real investments” (not in-kind services) in exchange. Furthermore, we disagree with the auditor's assessment that “discontinuing the program will allow CPL to utilize its staff more efficiently.” Regardless of who owns the equipment – the City or the Foundation -- the amount of staff time required would be practically the same. Staff would still need to empty the machines, reconcile the accounting reports and provide IT support. In our assessment, the cost of staff time would *likely increase* if the City owned the machines. That's because the reconciliation process for the City Treasurer is more cumbersome and requires more time than the reconciliation process used by the Foundation. From our study, we identified several areas where processes could be streamlined—which would significantly reduce the amount of staff time while also improving the patron's experience. We've shared the results of our study with City Staff for consideration.

- **City Ownership = Benefit to the Library**

As the auditor mentions in the closing paragraph, we are currently working with Staff on a plan to transition the project to the City. However, a transition in ownership could create a significant financial loss to the library. The net proceeds from the program in 2016 were \$87,586 (after maintenance, Brinks and paper). If the City owned the machines, the City would receive full benefit of the net proceeds. However, the net proceeds would go to the general fund of which the library receives roughly 1.7% (in this case only \$1,489)--creating a significant a loss which would result in cuts to critical projects and possibly the elimination of popular programs like Smart Start Chesapeake Early Learning, STEAM and outreach initiatives.

- **IT Security Issues**

The audit report mentions the segmented network (VLAN) established to securely process credit card transactions. The VLAN would still be needed if the City owned the machines.

- **Questionable Expenses**

The report identifies two expenses totaling \$701.82 as “questionable.” Both expenses were associated with the retirement of the last Library Director (food and gifts). As a non-profit organization—wholly separate from the City—we are permitted to use a portion of our proceeds to acknowledge the contributions of those who support the library. Over the years, we've given thousands of dollars to acknowledge the contributions of staff and volunteers. According to our CPA, a retirement gift for a library director is perfectly acceptable. In July of 2008, we gave \$1,850 for a retirement party for then-Director Peggy Stillman. Yet, when the City audited the Foundation in 2010, that expense was not identified as “questionable.”

Explanations & Actions:

■ Questionable Deposits

The audit report states that 60 checks appeared to be the property of the City. After a full review, some of the checks were written by patrons purchasing Foundation event tickets or paying for silent auction items and the patron simply left off the word "Foundation." Some checks were written as a donation to the library and were deposited in the Foundation account in order to streamline the process. This was a traditional way of managing donations – spanning back with the last three Library Directors. It was easier to deposit a donation into the Foundation account instead of the City account, because the funds would have been held by the City until Council appropriated them which is a lengthy and cumbersome process. By depositing them into the Foundation account, the library was able to use the monies as soon as the checks cleared. We kept careful accounting of donations and returned all donated monies to the library. Before, checks were deposited into the Foundation account by City Staff. Now, the Foundation's Business Manager manages all deposits in accordance w/ our Financial Policy, so this scenario would not happen going forward.

The seven checks written to the Friends of the Library were for Novel Nights tickets. Copies of the checks were provided to the Friends organization, and they acknowledged in writing that the funds were intended for Novel Nights and did not have an issue with the deposits.

■ Potential Conflict of Interest

The auditor raises the question about a paid Foundation staff member serving on the Chesapeake Library Board. We were unaware of the potential conflict. The Library Director recommended the appointment in an effort to strengthen alliances between the Foundation and the Library Board. Should the City Attorney deem this as a true conflict, the member will resign from the Chesapeake Library Board.

We greatly appreciate your consideration of this response.

Best regards,



Dawn Matheson, Chairman
Chesapeake Public Library Foundation



Our Mission

CPLF supports and enriches the resources and services of the Chesapeake Public Library through fundraising and advocacy efforts in our community.

Library Projects & Improvements Supported by the Foundation

Jan 2011- Jun 2017

Purchase of Copiers, Printers & Software

7 Xerox copiers

7 Xerox printers

Software for interfacing with Library Payment Centers

Software for wireless printing

7 Kyocera printers (replacement of original equipment)

2 Konica copiers – additional purchase for Central Library, coin operated machines

Investment: \$119,712.00

Branding

The development of the CPL logo

The development and initial printing of the CPL informational bookmark

The branding project including the development of a Style Guide, the purchase of the appropriate fonts, a visit to CPL by the designer, development of signage templates, development and printing of informational signs, development and printing of event signs

Purchase of Survey Monkey license for 2yrs

Investment: \$20,815.08

The Loop

The initial development and subsequent production of 12 editions of The Loop

Investment: \$100,433.33

Early Literacy & STEAM Programming

Investment: \$20,394.69

Smart Start

Children's mural at Central, Burgeon Group installations at Central, Greenbrier, Indian River, Major Hillard, Russell Memorial and South Norfolk; AWE computers at all 7 branches; collection signage at CL and GR; counters at Indian River, interior upgrades at Major Hillard

Investment: \$192,330.18

Furniture, Carpet & Accessories

Central

Leather couch and loveseat
Installation of bookcases in Biography area
Carpet in study rooms
Lamps
Artificial plants
19 wood Windsor chairs
Artwall
Wood ramp for loading dock
Decorative items on bookcases
Wallace Room: blinds, chairs, carpet
Rust and White colored round tablecloths

Greenbrier

Carpet on main floor

South Norfolk

Artificial plants
SN grand opening ceremony

General support

Strategic Plan
Special events (7 Cities, 1 Book, Tech Camp, Author events, State of the City, Little Free Library)
Manager's discretionary fund (used to support Staff Day)
Volunteer recognition
Hauling of furniture to and from warehouses, disposing of trash, painting, cleaning of SN café equipment

Investment: \$121,286.04

Total Investment: \$574,971.32

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APPENDIX C

Draft MOU between the City and the CPLF

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MEMORANDUM OF AGREEMENT

between the

CITY OF CHESAPEAKE

and the

CHESAPEAKE PUBLIC LIBRARY FOUNDATION

This Memorandum of Agreement ("MOA"), executed this ___ day of _____, 2016, is made by and between the City of Chesapeake, a municipal corporation of the Commonwealth of Virginia ("the City"), and the Chesapeake Public Library Foundation, a non-profit Virginia non-stock corporation located in Chesapeake, Virginia ("the Foundation"), collectively referred to as "the Parties."

BACKGROUND

The Foundation was incorporated in 1998 as a tax-exempt, charitable, non-profit organization with 501(c)(3) status, designed to support the Chesapeake Public Library, a department of the City ("the Library"), by providing funding that enhances the City's support of the Library. The Foundation is operated by a Board of Directors and has no membership program. The City recognizes that the Foundation must remain separate and apart from the Library in order to operate as an independent entity under Section 501(c)(3) of the IRS Code and the Nonprofit Corporation Act of the State of Virginia.

Consistent with its stated mission, the Foundation provides ~~unrestricted~~ financial support through the public printing/copying revenue made available in its entirety directly to the Library. ~~, minus the maintenance costs of the printers and copiers. These funds are designated for Library programs and projects and may not be used for the Foundation's administrative costs or personnel expenses.~~ The Foundation currently owns and maintains the public use printers and copiers located in all seven branches of the Library. Debit and credit card revenue generated from use of the printers and copiers goes into the City accounting system as a donation from the Foundation. Disbursements from the City accounting system are requested by Library Staff via a funding request and approved by the Foundation Board.

RECITALS

WHEREAS, the City owns, operates and maintains real estate, buildings and other facilities for its Library, and the City operates a wide variety of library programs and services through its Library; and

WHEREAS, the Library's stated vision is "Experience, Connect and Discover Here!"; and

WHEREAS, the Library's mission is to educate and enrich people of all ages by providing free access to information, materials, technology and cultural opportunities; and

WHEREAS, the Foundation was formed in 1998, and has functioned for the purpose of financially supporting the vision and goals of the Library; and

WHEREAS, the primary purpose of the Foundation is to secure, manage and invest privately raised funds, gifts and bequests in support of the Library's programs, services, and facilities; and

WHEREAS, the Foundation operates as a legal entity separate from the City, and is governed by an independently elected Board of Directors; and

WHEREAS, the Foundation and the City wish to assure the continued success and prosperous growth of the Library by memorializing their respective roles and responsibilities.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and mutual promises contained in this MOA, the City and the Foundation agree as follows:

1. General Operating Procedures

- a. The Director of the Library ("Director") shall be the City official responsible for the administration of this MOA for the City, and is responsible for day to day Library operations.
- b. The City and the Foundation may engage in joint promotional efforts, including marketing and the solicitation of funding through grants. However, any funds or grants received by the City, regardless of whether solicited by the Foundation separately or jointly with the City, shall not be appropriated to the Foundation unless so directed by the City Council pursuant to an ordinance adopted by City Council. Any funds or grants received by, or awarded or donated to the Foundation, regardless of whether solicited by the Foundation separately or jointly with the City, shall be accounted for in the Foundation's records and disbursed in accordance with the donor or grantor's instructions.
- c. Any and all jointly funded capital improvement projects which are included in the City's capital improvement budget shall not proceed until the City appropriates the funds for such project and until the Foundation transfers its share of the appropriation or provides assurances acceptable to the City of timely availability of such funds.
- d. Neither the Director nor other City employees may solicit donations on behalf of the Foundation in the capacity of a City employee unless specifically authorized to do so by the City Manager.
- e. The parties shall develop further specific operating procedures as needed to provide for efficient and effective operations and accountability for funds received and disbursed.

2. Acceptance of Gifts by the Foundation

- a. The Foundation agrees that in accepting gifts of all kinds, the Foundation shall:
 - (1) Advise donors that any restrictive terms and conditions the donor attaches to gifts for the Library are subject to the Foundation Board of Directors' approval.

- (2) Consult with the Director in advance to ensure that gifts designated for specific purposes are in compliance with the City's policies and Library's master plans, vision, mission and philosophy before accepting the gift.
- (3) Receive prior written approval from the City Attorney or designee for any gift, grant, or contract that includes a financial or contractual obligation binding upon the City.
- (4) Be responsible for reporting the use of donor funds to the donor.

b. The Foundation shall communicate the following information to prospective donors:

- (1) The Foundation is a separate, legal entity organized for the purpose of encouraging voluntary, private gifts, trusts, endowments and bequests for the benefit of the Library.
- (2) Responsibility for governance of the Foundation, including investment of gifts and endowments, resides with the Foundation Board of Directors.
- (3) Charitable gifts from donors to the Foundation in support of any of the Library's programs, services, or facilities should be made to the Foundation, and not to the City or the Library.
- (4) Any gift made for a designated purpose will be dedicated in its entirety to that purpose unless (i) it is specifically understood by the donor when the gift was made, or subsequently agreed to by the donor in writing, that the gift can be used for another purpose; or (ii) the City objects to the designated purpose of the gift.

3. City Responsibilities

- a. The Director or designee will serve as a liaison to the Foundation.
- b. The City will assist the Foundation by cultivating potential donors to the Foundation.
- c. The City authorizes the Foundation to use the name and non-alterable images of the Library in furtherance of its efforts in support of the Library after City approval. The Foundation shall not be permitted to use the City Seal.
- d. The City will provide the Foundation with designated storage and meeting space in Library facilities and with limited computer access and unlimited use of Foundation owned printers and/or copiers. All of the equipment provided by the City is owned by the City with the exception of the Foundation-owned printers and/or copiers.

4. Foundation Responsibilities

- a. All Foundation correspondence, minutes, financial and other records and documents produced, collected, received or retained by current or former City employees and in the possession of the Library constitute "public records" as defined in Section 42.1-77 of the Virginia Public Records Act, and shall be retained by the City in accordance with the Library of Virginia's records retention requirements. At the request of the Foundation, such records will be copied and the copies provided to the Foundation. Following execution of this MOA, all documents clearly identified as property of the Foundation are the

responsibility solely of the Foundation and will be maintained and stored in a separate off-site location, apart from all City records.

- b. The Foundation shall provide the City with an updated copy of its articles, bylaws and officers and directors. The Foundation shall also provide the City with a copy of its IRS Form 990 (Return of Organization Exempt from Income Tax) without accompanying documentation providing information concerning any specific Foundation donor.
- c. The Foundation shall provide the City an audited financial statement annually. The audit shall be made in accordance with generally accepted auditing standards by an independent certified public accountant covering all monies which are the subject of this Agreement. The statement will be provided on or before June 30th of each year during this Agreement but shall not include any information regarding individual Foundation donors.

5. General Terms and Conditions

- a. In the execution and performance of this MOA, the City and the Foundation act independently and not as agents, employees, partners or joint venturers. The agents or employees of one party shall not be construed to be the agents or employees of the other. City employees shall remain employees of the City, notwithstanding the fact that they may assist the Foundation.
- b. Neither the City nor its agents, volunteers, servants, employees or officials shall be responsible or liable for any claim or suit arising from contracts, agreements, understandings or arrangements made by the Foundation with any person or entity covering services or goods procured by the Foundation, or for the negligent or willful acts of the Foundation or those for whom the Foundation acts.
- c. The initial term of his MOA shall be three (3) fiscal years, effective ____ through _____, subject to the right of either party to terminate this MOA at any time by giving the other party at least ninety (90) days' written notice, in advance, of its intent to terminate. In the absence of such termination, upon the expiration of the initial term and upon the expiration of each successive term thereafter, this MOA will automatically be extended for three (3) year terms.
- d. The parties agree that if there is a dispute as to any provision of this MOA, or if either party materially breaches or fails to perform its obligations under this MOA, the other party may give notice in writing of the dispute or material breach. The parties agree to meet to resolve the dispute or material breach within thirty (30) days of receipt of the notice.
- e. Any notice or notices required or permitted to be given pursuant to this Agreement shall be given by certified mail, postage prepaid, return receipt required, as follows:

To the City: Director, Chesapeake Public Library
 298 Cedar Road
 Chesapeake, VA 23322

To the Foundation: Chairman, Chesapeake Public Library Foundation
 P.O. Box 16381



Chesapeake, VA 23328-6381

- f. This MOA shall be governed as to all matters, whether of validity, interpretations, obligations, performance or otherwise, exclusively by the law of the Commonwealth of Virginia, and all questions arising with respect thereto shall be determined in accordance with such laws. The parties shall comply with all federal, state and local statutes, ordinances, and regulations now in effect or thereafter adopted, in the performance of its obligations set forth herein. Any and all suits for any claims or for any and every breach of dispute arising out of this Agreement shall be maintained in the appropriate court of competent jurisdiction in the City of Chesapeake, Virginia.
- g. During the term of this Agreement, the Foundation will hold harmless the City and its agents, employees, volunteers, servants, and officials from any liability arising from the acts or omissions of the Foundation's officers, directors, employees or agents. This provision shall survive the termination, cancellation, or expiration of the MOA.
- h. Any provision of this MOA which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof.
- i. This MOA may only be modified in writing, which shall be executed by the authorized representatives of the City and the Foundation.
- j. Neither party shall, without the prior written consent of the other party, assign, delegate, or otherwise transfer, in whole or in part, this MOA, or any rights or obligations arising hereunder.
- k. Neither party shall, during the performance of this MOA, knowingly employ an unauthorized alien, as defined in the federal Immigration Reform and Control Act of 1986.
- l. The City of Chesapeake does not discriminate against faith-based organizations.

The parties, by their authorized representatives, affix their authorized signatures hereto:

CITY OF CHESAPEAKE

By: _____
James E. Baker, City Manager

CHESAPEAKE PUBLIC LIBRARY FOUNDATION

By: _____
[Insert Name and Title]