



**LIBRARIES & RESEARCH SERVICES  
DEPARTMENT**

**PERFORMANCE AUDIT**

**MARCH 30, 2009 THROUGH NOVEMBER 30, 2009**

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

June 24, 2010

The Honorable Alan P. Krasnoff and  
Members of the City Council  
City of Chesapeake  
City Hall – 6<sup>th</sup> Floor  
Chesapeake, Virginia 23328

Dear Mayor Krasnoff and Members of the City Council:

We have completed our review of the City of Chesapeake's Libraries and Research Services Department (Library) for the period of March 30, 2009 to November 30, 2009. Our review was conducted for the purpose of determining whether the Library 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 and Departmental procedures in the areas of operations, collections management, cash, fees and fines, and information technology.

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 conclusions 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.

The Library provided needed services within the 353 square miles of the City of Chesapeake (City) through seven established branch libraries and a bookmobile which served the various neighborhoods of the City. The Library served as the main educational and cultural repository of information and literature for the City, and was tasked with acquiring educational, informational, and recreational material in various formats whether print, electronic, or virtual. The Library also continually developed new and updated programming and services to meet the needs of the City's citizens. Part of its strategic plan was to become an even more popular destination and "community living room." In addition to its public programming, the Library also maintained and coordinated the City's Records Management program as well as the Law Library.

For Fiscal Year (FY) 2009-2010, the Library received State and City funds, had an operating budget of \$7,880,761, and an authorized compliment of 84 full-time personnel. The Library's administrative offices were located primarily on the second floor of the Central Library.

Based on our review, we determined the Library had accomplished its overall mission of serving as the educational and cultural repository of information and literature for the City. The Library successfully provided information, recreational, and educational resources, and developed services, technology and programs to meet the interests and needs of Chesapeake citizens.

Although the Library had accomplished its overall mission, we did identify some areas of concern. Those areas included cash controls, unpaid patron accounts, the process for collecting delinquent patron accounts, general building safety and security, controls, and decisions concerning Information Technology, affiliated nonprofit organizations, and Collection Management (ordering, receiving, and cataloging books and other items within the Library).

This report, in draft, was provided to Library officials for review and response. 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. The Library concurred with most of the report's recommendations and has either implemented or begun the process of implementing many of them. Library 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: William E. Harrell, City Manager  
Wanda Barnard-Bailey, Ph.D., Deputy City Manager  
Betsy Fowler, Director of Libraries & Research Services

## **Managerial Summary**

### **A. Introduction, Background, and Scope**

We have completed our review of the City of Chesapeake's Libraries and Research Services Department (Library) for March 30, 2009 to November 30, 2009. Our review was conducted for the purpose of determining whether the Library 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 and Department procedures in the areas of operations, collections management, cash, fees and fines, and information technology.

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For Fiscal Year (FY) 2009-2010, Library and Research Services received State and City funds, had an operating budget of \$7,880,761, and an authorized compliment of 84 full-time personnel. The Library's administrative offices were located primarily on the second floor of the Central Library.

To conduct this audit, we reviewed and evaluated City and Library policies and procedures, operations documents and reports, conducted surveys of other Libraries, and also conducted tours of the Library's seven branches and bookmobile. We discussed these audit areas and conducted interviews with the Director, Assistant Director, Branch Managers, Collection Management Services Manager, Information Systems Manager, Records Manager and several administrative support employees.

## **Major Observations and Conclusions**

Based on our review, we determined Library and Research Services had accomplished its overall mission of serving as the educational and cultural repository of information and literature for the City. The Library successfully provided information, recreational, and educational resources, and developed services, technology and programs to meet the interests and needs of Chesapeake citizens.

Although the Library had accomplished its overall mission, we did identify some areas of concern. Those areas included cash controls; unpaid patron accounts, the process for collecting delinquent patron accounts, general building safety and security, controls and decisions concerning Information Technology, affiliated nonprofit organizations, and Collection Management (ordering, receiving, and cataloging books and other items within the Library).

This report, in draft, was provided to Library officials for review and response. Their comments have been considered in the preparation of this report. These comments have been included in the Managerial Summary, and the Audit Report. The Library concurred with most of the report's recommendations and has either implemented or begun the process of implementing many of them. Library management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

### **B. Performance Information**

The Library provided at no charge to Chesapeake residents and employees access to DVDs, CDs, written books, books on tape, graphic novels, events, public computers, learning resources, and quiet reading and study areas. The Library provided the same services to those living outside Chesapeake for an annual fee of \$35.

The Library has had a positive impact on the City's residents. A telephone survey of Chesapeake citizens was conducted by Continental Research Associates, Inc., a Hampton Roads marketing research firm. A total of 301 interviews were completed from August 23<sup>rd</sup> through September 18<sup>th</sup> of 2007. The purpose of the study was to learn how Chesapeake residents felt about their community and the services that were provided by the City. In this survey, the Library had the third highest score for level of satisfaction of any City department or service ranked in the survey. Only the Fire and Police Departments scored higher. The Library had a satisfaction score of 82.4%. The Library also scored 75.1% when it came to services most important to the citizens.

### **C. Cash Controls**

We identified some areas where cash control practices could be enhanced. For example, there was no audit trail of which employee conducted cash transactions; and cash was left in filing cabinet drawers or in cash registers overnight.

## **1. Cash Handling Processes**

**Finding** – The Library’s cash handling processes needed to be improved and controls and safeguards over cash needed to be enhanced.

**Recommendation** – The Library should establish and document cash handling and control procedures that ensure cash is adequately safeguarded. The procedures should address cash controls for Circulation, Reference, and Courier personnel. In addition, the Library should develop an ongoing monitoring process to ensure adherence to cash handling, cash control, and courier procedures.

**Response** – The Library recognizes the importance of training staff on cash handling, developing written policies and training manuals, and ensuring that all policies are consistently practiced and monitored. The Library is producing written cash handling procedures and will work with the Treasurer’s Office in the development of these procedures. Based on the Auditor’s recommendations several new processes have already been put into place and additional procedures will be implemented in 2010. (Note: The full text of the Library response is included in the body of the audit report.)

## **D. Unpaid Balances and Delinquent Accounts**

We noted that there was a significant unpaid library fine and fee balance that exceeded \$271,000. We also found that the delinquent account collection process utilized to collect the unpaid fines and fees was labor intensive and cumbersome. As a result, we recommended that the Library become more proactive in attempting to collect the fees. We also recommended greater coordination between the Library staff and the Treasurer’s Office in collecting the unpaid balances.

### **1. Unpaid Balances**

**Finding** – The Library carried an unpaid fine/fee revenue balance in excess of \$271,000, and the delinquent account notification process was cumbersome.

**Recommendation** - The Library should take steps to revise the collection process to so that it (1) pursues uncollected fines/fees in a more proactive manner and (2) streamlines the delinquent account collection process.

**Response** - The auditor’s examination of the Library overdue collection system correctly identifies the need for an overhaul of the process. The methodology has not been updated for many years to reflect changing realities; including personnel costs, postage costs, and the possibility of electronic transfer of information between City Departments. The overdue collection process will be streamlined and modernized. Between 04/01/09 and 3/31/09 the Library had an overall loss rate of less than .4% of all circulated items. Less than 3% of all circulated items have outstanding fines. Both the Auditor and the Library agree that the new proactive policies should significantly reduce the amount of outstanding debt. (Note: The full text of the Library response is included in the body of the audit report.)

## **E. Building Security and Safety**

We observed and conducted testing of the safety and security of the Library branches. We noted that patron and staff safety and security in general were satisfactory, although there were some areas of concern. We observed that the children's section of all but one branch had obstructions blocking the staff from observing all areas of the room. Additionally, the Library did not have written and practiced procedures for emergencies. Also, there was no standardized procedure for ensuring that the required safety and security checks of equipment occurred. Finally, there were concerns of the physical condition of the Library facilities.

### **1. Patron and Employee Safety and Security**

**Finding** – The patron and employee safety and the physical security practices and procedures of the Library buildings needed to be enhanced.

**Recommendation** – The Library should develop, document, and implement a comprehensive security program that addresses the various types of emergency situations and the physical security of buildings.

**Response** - The Library has multiple safety and security procedures in place to handle a wide range of daily routines and emergencies, but it does not have an updated and comprehensive plan. The Library is currently developing a new security and emergency management plan for implementation this summer (2010). Ensuring the safety of the public and the staff is an administrative priority.

### **2. Condition of Library Facilities**

**Finding** – The Library's building facilities had a number of unresolved maintenance requests, and there was no centralized system to monitor the status and frequency of service requests.

**Recommendation** – The Library should work with Facilities Management to 1) complete open maintenance requests and 2) develop a more efficient centralized internal maintenance request system that could summarize maintenance requests and provide follow-up information in a timely fashion.

**Response** – The Library will work with General Services to develop a comprehensive long-range facilities maintenance plan for the system. The plan will also include a replacement cycle for furniture, wall coverings, painting, upholstery, carpet, and other needed renovations on an ongoing basis. The Library facilities, with almost two million visits per year, must have a designated budget and replacement cycle for the interiors that coincides to the life cycle of the item.

## **F. Information Technology**

We observed the operation of the Library's Information Technology (IT) department and had several areas of concern that included: security and redundancy of the computer systems, independence from the City's IT, and capabilities of Symphony in areas of financial management.

### **1. System Security Procedures**

**Finding** – Security procedures and system access and software controls related to information technology needed to be enhanced. In addition, the Library IT staff was not adequately trained to extract data from the library's automated systems and was not provided with a test environment to manipulate data outside the production environment.

**Recommendation** – The Library should take steps to enhance its security procedures and system access and software controls related to information technology operations.

**Response** - The IS Department maintains innovative, current, secure, efficient, and cost effective technology that keeps the Chesapeake Library System in the forefront of library technology. Our technology stands a cut above our contemporaries in the Hampton Roads area. CPL was the first Library to introduce Wi-Fi to our patrons, content filtering as required by law, fully compliant RFID self-checkout, PC reservation and print management.

## **G. Non Profit Agreements and Controls**

There was no written agreement between the Friends of the Library or the Chesapeake Public Library Foundation and the City authorizing City employees to handle their funds. Also, donations to the Friends of the Library were not adequately controlled, and the Foundation accounting process lacked segregation of duties.

### **1. Formal Nonprofit Agreement**

**Finding** – The City did not have a formal agreement with the Friends of the Library (FOL) or the Chesapeake Public Library Foundation (Foundation) that authorized the Library to use City resources to handle financial transactions on behalf of the FOL or the Foundation.

**Recommendation** - The City should obtain formal signed agreements with the FOL and the Foundation that authorizes use of City resources to collect funds, sign checks, and handle cash or process financial transactions on their behalf.

**Response** – The Library will develop a written Memorandum of Understanding between both the Friends of the Library and the Chesapeake Public Library Foundation and the City authorizing City employees to handle their funds. The Memorandum will specifically outline the responsibilities of both parties according to the auditor's recommendations. Donations to the Friends of the Library are now strictly controlled following the Auditor's recommendations.



## **2. Controls Over Friends of the Library Donations**

**Finding** – Donations received on behalf of the (FOL) at various library locations were not counted, controlled and locked in a safe each night.

**Recommendation** - The Library should establish and document procedures for handling and controlling cash/check donations and sales received on behalf of the Friends of the Library. In addition, the Library should establish a monitoring process to ensure that Library branches are adhering to established procedures.

**Response** – All recommendations have been fully implemented.

## **3. Foundation Accounting Process**

**Finding** – The accounting process for the Chesapeake Public Library Foundation (Foundation) lacked adequate segregation of duties. In addition, donations received at library locations were not always deposited within three days from receipt.

**Recommendation** – The Library should ensure that adequate segregation of duties is included in the accounting process. In addition, the Library should develop documented procedures for handling donations made to the Foundation.

**Response** - The Foundation Treasurer has access to the accounts online and reviews all statements on a monthly basis. The Foundation Treasurer is an authorized signer for the Foundation checking account. The individual signing the checks reviews all supporting documentation and initials/dates the material provided before signing the check.

## **H. Collection Management**

The Collection Management System Department ordered, received, and cataloged each item added to the Collection. The process was divided into three groups: ordering and receiving, processing and cataloging written items, and processing and cataloging other items such as DVDs and CDs. While the Library had centralized the ordering process to streamline and economize the process, we observed Collection Management practices that needed to be addressed to enhance performance and costs and ensure the validity of the Collection.

### **1. Inventory Spot Checks**

**Finding** – The Library did not have a formalized process for spot checking inventories, and was not optimizing its use of RFID scanners and labels.

**Recommendation** – The Library should develop a more formalized process for spot checking inventories, and should explore methods of optimizing its use of the RFID scanners.

**Response** – During the past year the Library implemented the new RFID system, tagged over half a million items, and implemented self check. The self check has been enormously successful with a current 95 percent use rate. The savings in staff time has allowed the Library to keep pace with the large increases in use over the past year with a reduced staff. The Library is excited and intrigued by the possibilities of inventory management that RFID offers, but has not yet had time to pursue. We look forward to the opportunity to fully explore the options mentioned by the Auditor, as well as other possible applications.

LIBRARIES AND RESEARCH SERVICES

PERFORMANCE AUDIT

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Table of Contents

<u>Contents</u>	<u>Page</u>
A. Introduction, Background, and Scope	1
B. Performance Information	4
C. Cash Controls	11
D. Unpaid Balances and Delinquent Accounts	16
E. Building Security and Safety	21
F. Information Technology	27
G. Non Profit Agreements and Controls	31
H. Collection Management	35
Appendix A – Response from Library and Research Services Officials	

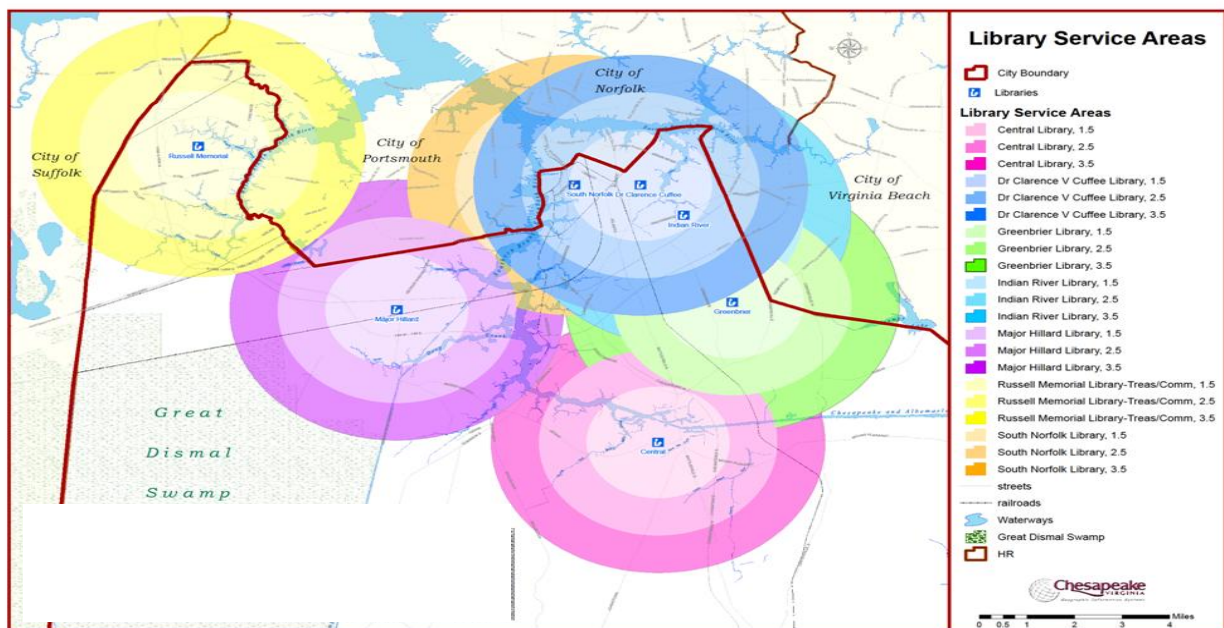
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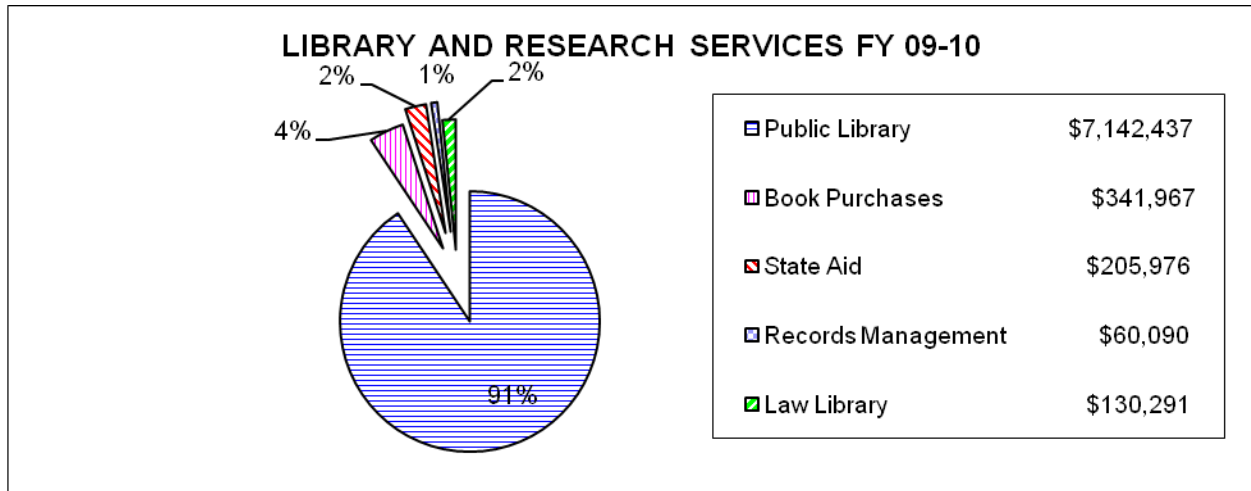
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Exhibit 1



For Fiscal Year (FY) 2009-2010, the Library received State and City funds, had an operating budget of \$7,880,761, and an authorized compliment of 84 full-time personnel. The Library's administrative offices were located primarily on the second floor of the Central Library.

Exhibit 2



To conduct this audit, we reviewed and evaluated City and Library policies, procedures, operations documents, and reports. We also conducted surveys of other Libraries and conducted tours of the Library's seven branches and bookmobile. We discussed these audit areas and conducted interviews with the Director, Assistant Director, Branch Managers, Collection Management, Services Manager, Information Systems Manager, Records Manager, and several administrative support employees.

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Appendix A. The Library concurred with most of the report's recommendations and has either implemented or begun the process of implementing many of them. Library management, supervisors, and staff were very helpful throughout the course of this audit. We appreciated their courtesy and cooperation on this assignment.

## **Methodology**

To conduct this audit, we reviewed selected Library policies, procedures, and practices. This review included testing the cash receipting and handling process and the safeguarding of assets. We conducted an extensive review of the patron delinquent account collection process. We also conducted reviews of Collection Management, building safety and security, and the Library's information technology systems and software.

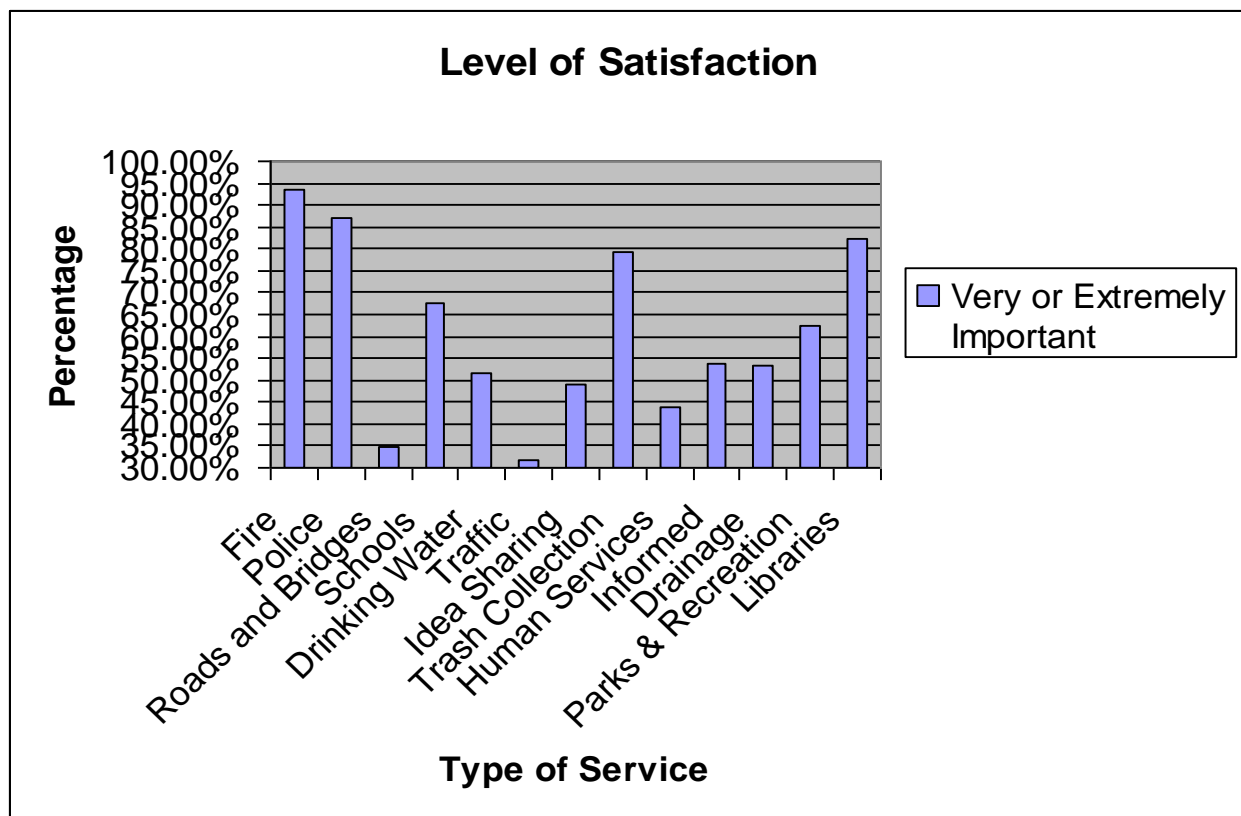
In addition to these items, we reviewed compliance with City and State regulations, policies, and procedures and various industry standards were used for benchmarking purposes. We reviewed citizen satisfaction surveys, and departmental reports. We reviewed prior audits of Library for relative or outstanding items. Certain interactive functionalities of the Library website were tested and analyzed. We also interviewed numerous Library management and staff. Finally, we reviewed prior audits of Libraries and Research Services.

## **B. Performance Information**

The Library provided, at no charge to Chesapeake residents and employees, access to DVDs, CDs, written books, books on tape, graphic novels, events, public computers, learning resources, and quiet reading and study areas. The Library provided the same services to those living outside Chesapeake for an annual fee of \$35.

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**Exhibit 3**



Library funding from State aid (2% of the Library Budget) was proportional to the per capita level of circulation (the number of checked out items); expenditures (City funding); holdings (size of collection); library visits; and turnover rate (how often items were checked out). The Library was consistently in the top quartile of those categories compared to other libraries across the state.

The Collection Management System (ordering, receiving, and cataloging process) had recently been centralized, as opposed to each branch having a budget and ordering directly from the vendor. This change had allowed stronger control of budgeting issues and helped reduced duplicative items. This change also reduced the number of Library employees required to order items and catalog them.

All Library branch locations were equipped with Radio Frequency Identification tags on all book and other media items, security gates to detect theft, and scanners for checking items in and out. In addition, Library Payment Center Kiosks will be installed at each library branch location by July 1, 2010. The kiosks will provide patrons with another means to pay for their computer printing and unpaid fines/fees. Additionally, the Library created an interactive website that allowed patrons to reserve meeting rooms, reserve items for checkout, renew items already checked out, and make suggestions to the Library for future purchases for the Collection. The website had over 250,000 visits in the first six months of the FY 2010.

## **1. Organization**

The Department was divided into Administration, Information Systems, Collection Management, Records Management, Law Library, seven branches, and a bookmobile. Administration provided oversight for the Department. Information Systems maintained the computer systems and also oversaw delinquent account collection efforts. Collections Management oversaw the acquisition and purchase of Library Books and other materials. Records Management coordinated retention of public documents within the City to ensure the City's compliance with public records laws.

The Law Library was established by City Council and was funded by an assessment of \$4 from each civil action filed in the Chesapeake Circuit Court or the General District Court. The Law Library's funding was utilized for the acquisition of law books, law periodicals, and computer legal research services; computer terminals for offsite placement to maximize access to the Law Library; and equipment for the establishment, use, and maintenance of the Law Library.

## **2. Branch Operations**

There were seven individual library branch facilities including the Central, Dr. Clarence V. Cuffee, Greenbrier, Indian River, Major Hillard, Russell Memorial, and South Norfolk Libraries, as well as one bookmobile. The individual library branches were operated in a semi-autonomous fashion, with guidance and direction of common areas from Library Administration. Branch Managers assigned work duties and schedules, coordinated with Facilities Management for maintenance concerns, and responded directly to patrons as necessary.

Branch Operations consisted of four main areas: Management, Reference, Children, and Circulation. Management provided oversight for all operations. Reference staff responded to patron requests for information and coordinated usage of the public



computers. Circulation staff assisted patrons checking in or out items, shelved returned items, and collected fines and fees. Children section staff controlled the children's section of the branches, provided information and readers' advisory services to children, and coordinated events for children.

The Library Director established a program to renovate the branches to provide a new and open appearance. Library management coordinated volunteers for extensive cleaning, painting, and moving shelving and other items, and pressure washed the exterior. As noted in the April 3, 2009 Chesapeake Clipper edition of the Virginia-Pilot, the Library Director closed the South Norfolk Library branch for three days to remove anything not being used to make room for more seating and to make the collection more appealing and relevant. As a result, both young adult/teen space and space for preschoolers were created. Six of the seven branches were remodeled during the audit.



***Central Library after remodeling***



**Views of Greenbrier Library after remodeling**





***View of Indian River Library after remodeling***

The projects were accomplished mainly through labor from volunteers, staff, and trustees from the City Jail. The projects were designed in-house and executed using operating funds and donated money. Display fixtures and furniture had been purchased second hand from book stores and other businesses. The majority of the expense was for re-wiring and network cabling.

At each of the buildings where the circulation was redone there has been a dramatic improvement in library utilization. Indian River checkouts increased 20% each month over last year, South Norfolk increased up to 89%, and Major Hillard increased 15% after the new book browsing areas were set up. The Chesapeake Public Library Foundation and Friends of the Library provided funding to supplement the costs for remodeling.

Additionally, for FY 2009 compared to FY 2008, there were over:

- 1,624,000 patrons visiting the Library – an increase of 9%
- 2,366,000 items checked out – an increase of 18%
- 624,000 hours of public computer usage – an increase of 9.3%
- 34,000 new library cards – an increase of 113%

### **3. Services**

The Library provided Chesapeake residents and employees free access to DVDs, CDs, written books, books on tape, graphic novels, other media and property, events, public computers, learning resources, and quiet reading and study areas. The Library charged non-Chesapeake residents an annual fee of \$35 for the authorization to checkout items from the collection. The Library also had meeting rooms that could be rented for a fee, with the fee based upon the room capacity and the organization.

The Library offered events for young adults and children. The Children's Section presented reading events such as Paws to Read, which allowed children age 6 – 10 to practice their reading skills to Pet Therapy Dogs, and a Summer Read Carnival that had over 1,200 participants.



***Paws to Read Event***

The Library started an interactive self checkout counter for patrons that allowed patrons to view any fines/fees on their account and how many items were on hold as well as check items out. The Library also created an interactive website that allowed patrons to reserve meeting rooms, reserve items for checkout, renew items already checked out, and make suggestions to the Library for future purchases for the Collection. The website had over 250,000 visits in the first six months of FY 2010.

The Library hosted several major events that included:

- Gregory Maguire, author of *Wicked*,
- Annual Poetry Festival,
- First Summer Reading Carnival Kick-off (attendance: 1,000),
- Fantasci Festival, Monsterfest, and Fantasma,
- The First One Book/One Community Read,
- Destination Library Joint Board Meeting and Reception,
- South Norfolk World War II Plaque Dedication Ceremony,
- Cuffee Library Summer Reading Parade

The Library received a \$250,000 earmark for Workforce Development Job Help. Since July 1, 2009, 12,684 Library patrons have been assisted. The assistance included resume writing, teaching interviewing skills, job searching, and assistance obtaining unemployment benefits, filling out employment applications, job training, and referrals to Opportunities, Inc. for further assistance.

#### **4. Friends of the Library**

The Friends of the Library (FOL) organization was a non-profit charitable organization designed to promote and assist the Library. Members helped support the Library through activities including volunteer service for cultural, educational and recreational events, and financial assistance for the continuing improvements of library facilities and programs. FOL supported the freedom-to-read philosophy of the American Library Association's Bill of Rights. Membership in the FOL was open to the general public. The FOL was managed by a Board of Directors elected from the general membership.

FOL had monthly book sales at the branches for the purpose of raising funds. They raised funds to purchase equipment and material that was not included in the City's budget. FOL donated \$43,785 to the Library during FY 2009. Additionally, the volunteers of FOL donated time and effort contributing to the improvement and condition of the Library and assisting staff daily.

#### **5. Library Board**

The Library Board was appointed by City Council. It consisted of seven members and served as an advisory board to the City Manager and Library Director in connection with matters relating to the conduct, improvement and support of the public library.

#### **6. Chesapeake Public Library Foundation**

The Chesapeake Public Library Foundation was a non-profit organization created to provide financial support to the public library to increase learning opportunities for the City's growing population. The Foundation was designed to provide funding that complemented the City's support for continued operation of the Library. It was operated by a Board of Directors and had no membership program. The Foundation awarded grants to the Library for specific activities and also directly purchased items for the Collection. Additionally, the Foundation directly purchased items for remodeling.

### **C. Cash Controls**

We identified some areas where cash control practices could be enhanced. For example, there was no audit trail of which employee conducted cash transactions; and cash was left in filing cabinet drawers or in cash registers overnight.

#### **Finding – The Library’s cash handling processes needed to be improved and controls and safeguards over cash needed to be enhanced.**

An effective functioning cash control process should incorporate the following attributes:

- Documented cash handling and control procedures
- Safeguarded cash funds in the department during the day and at night
- Controlled duplicate keys and combinations to cash funds and safes
- Defined daily settlement processes in detail to include settlement time(s), use of count sheets with signature and date, counting entire cash fund, processing of overage and shortages, and performance of periodic surprise cash
- Defined cash exchange processes

We evaluated the cash handling process, internal control processes, and safeguards over cash at seven Library branch locations to determine if cash processes were functioning as designed and cash funds were adequately controlled and safeguarded. We noted the following:

- The Library’s Symphony and Smart Access Manager (SAM) automated systems did not require unique ID’s and passwords to access the systems and did not provide adequate daily financial data so that each library branch location could settle each day’s financial transactions. Therefore, there was no summary for all financial transactions that was itemized, totaled and balanced each day.
- The Library did not have documented policies and procedures that addressed the proper handling and control of cash. The end-of-the-day settlement process was fragmented, daily cash settlement times had not been established, and cash settlement processing times for weekend operations were not consistent from branch to branch. Some branches settled their cash and entered their transactions into the cash management system for each day (Saturday, Sunday and Monday), while other branch’s settled their cash and entered their transactions for Friday, Saturday, and Sunday on Monday morning.
- Daily settlement documents were not reviewed by the Library to ensure documentation supported the day’s transactions and was properly completed. We found numerous instances where errors were scratched out or were written over, and we noted that checks were not immediately endorsed “For Deposit Only” upon receipt. In addition, we noted settlement documents that indicated an out-of-balance condition, but explanations for the condition and settlement differences were not processed to an over/short general ledger account. Furthermore, cash handling personnel were not adequately trained, cash count

sheets were not consistently used to document the end-of-day cash count, and cash register tape totals were not being used as part of the balancing process to balance the day's financial transactions.

- Cash funds were not adequately safeguarded at all library branches because all full-time employees had the alarm codes and the complete combination to the floor safe that housed the individual cash funds. In addition, the floor safes at several branch locations were not physically attached to the wall, floor or cabinet. One branch location was not using a safe they had acquired two years prior to our review. Another branch left their cash fund in the cash register overnight and the key to the register was kept in the Branch Manager's office, accessible to all employees. Several other branches housed their cash funds in file cabinets, with the keys to the cabinets accessible to unauthorized personnel. In addition, we observed that more than one person had access to and worked out of the same cash fund.
- In reviewing cash handling, we noted that periodic surprise cash counts were not being performed on all cash funds at each branch location. Also, the formula on the "Report of Collections" work sheet used for calculating the retail sales tax for the sale of computer copies, diskettes, and ear buds was inaccurate, resulting in all of the library branch locations overpaying sales taxes to the State. In addition, we found that the reference staff was allowed to give refunds to patrons for printing, but there was no supporting documentation for refunds that were given.
- Forgiven/cancelled library fees indicated on the Symphony daily "Workstation Cash Report" were not being reconciled to the forgiven/canceled log each day, and these logs were not consistently completed and maintained from branch to branch. Further, the cash management system settlement process did not always include an independent verification and reconciliation of funds (cash, checks, money orders, and credit cards). One person was performing the verification and reconciliation balancing functions.
- Library branches were not using logs to record access activity to vault/safe. There was no record of who had accessed the safe.

We also reviewed the Courier operations for the Library and found that the Courier collected deposits (cash, checks, money orders and credit card transactions) Monday thru Friday for three library branch locations. These deposits were left unattended in the vehicle. There was no safe or other security features installed in the vehicle. At the end of the day the Courier delivered locked deposit bags containing each library's deposits to the accounting office at Central Library. The Account Technician unlocked each bag, placed each branches' deposit in a Treasurer's locked bag, and placed the bag in a locked filing cabinet overnight until they were picked up by the Treasurer's Office the next morning to be processed. There was no log maintained to record the movement/exchange of the deposits from one individual to another.

These situations existed because the Library did not have documented cash handling and control procedures to ensure that cash was adequately controlled and safeguarded. The Symphony and SAM automated systems were not programmed to provide adequate financial data for cash settlement, did not require unique ID's and passwords to access the systems, and did not provide an audit trail of financial transactions. Also, the Library had not established a monitoring process to ensure that cash handling and control procedures were consistently being followed at each branch location. In addition, periodic surprise cash counts were not being performed on each cash fund to help to deter theft of cash funds.

If documented cash handling and control procedures are not established and periodically monitored, cash funds could be lost. Also, efforts to better control or reduce unpaid fines and fees will be adversely impacted as well.

**Recommendation – The Library should establish and document cash handling and control procedures so that cash is adequately safeguarded. The procedures should address cash controls for Circulation, Reference, and Courier personnel. In addition, the Library should develop an ongoing monitoring process to ensure adherence to cash handling, cash control, and courier procedures.**

Cash control procedures should address the following areas:

- Adequate training of cash-handling personnel,
- Control of cash during the day and at night,
- Use of one dedicated person per cash fund,
- Control over duplicate keys and combinations,
- Settlement processes to include: financial balancing totals, settlement times and date, use of count sheets, cash exchange process, all cash counted including till, completion of settlement documents, signature and date, adding machine tapes, and cash register tapes,
- Procedures for handling overages and shortages in cash funds when they occur,
- Performance of periodic surprise cash counts, by a designated employee,
- Performance of cash counts at the end of the each day and each morning before opening for business,
- Control over dedicated cash fund to prohibit unauthorized access,
- Calculation of State sales tax at 105% of total sales (This was corrected during the audit),
- A vault/safe log for each branch that documents the date, time and who accessed the vault/safe,
- A cash management settlement process that requires that cash funds be verified by one person and reconciled by a second person.

The Library should work with the Treasurer's Office in developing these procedures. In addition, The Library should work with Human Resources to determine whether a Fiscal Administrator position should be created for the Library.



Also, the Symphony and SAM automated systems should require unique USERIDs and passwords to access the systems, and provide adequate financial data so that branch locations have balancing totals to settle their financial transactions each day. Forgiven/cancelled fines and fees processed through the Symphony system should be reconciled to the forgiven/canceled log that is kept at each branch location. In addition, management should establish a monitoring process to ensure reconciliation is performed.

In addition, the Library should install a safe or other security features in the courier vehicle to hold deposits picked up at various library locations. It should also ensure that the Courier periodically varies his route and time of deposit pick-up, and that deposits are delivered directly to the Treasurer's Office for processing rather than delivered to the Central Library. Also, consideration should be given to the use of tamper evident plastic bags for deposits rather than locked night deposit bags, so that the control of bag keys will be eliminated.

**Response - The Library recognizes the importance of training staff on cash handling, developing written policies and training manuals; and ensuring that all policies are consistently practiced and monitored. The Library is producing written cash handling procedures and will work with the Treasurer's Office in the development of these procedures. Based on the Auditor's recommendations several new processes have already been put into place and additional procedures will be implemented in 2010 including:**

- **The installation of new cash registers throughout the system that will require a unique identifier so there will be mechanism in place to monitor individual staff transactions.**
- **A requirement for two employees to be present to open a safe. One person will have the combination, and the other employee will be authorized to sign out a safe key from the key box. The transaction will be logged. The key box log and safe log will be randomly checked by designated system personnel.**
- **A reconciliation procedure and policy for the system which will include forgiven/canceled fines. The process will also incorporate training, new cash registers, fine payment machines, and identifying what system reports can be generated by the SAM.**
- **The cash handling procedure has already been altered to required independent verification and reconciliation by two staff persons counting and signing separate sheets each day at every library in the system.**
- **A system of periodic cash surprise cash counts is being built into the new policies and procedures.**
- **A requirement that three designated staff people will perform a surprise visit once a month, each to a separate library. The rotation will ensure that each library has an unannounced surprise count and examination of all logs performed at least four times annually.**

- **A requirement for a cash count to be conducted at the close of each business day, in addition to the cash counts currently conducted each morning. Counted funds will be placed into a tamper evident bag in the safe until the morning count is conducted.**
- **Procedures have been implemented which require cash be secured at all times; including being locked in the safe, secured in the cash register, or under the immediate supervision of a trained employee being counted and bagged.**
- **The Library altered the method of calculating sales tax when the error was discovered by the auditor.**
- **Refunds will be handled by the Library Payment Centers.**
- **A safe has been installed in the Courier van. All deposits are secured in the safe at each stop. Tamper evident bags are being used for Friends of the Library funds. The new cash procedures will require the use of tamper evidence plastic bags and a courier log of the movement and exchange of deposits.**

## **D. Unpaid Balances and Delinquent Accounts**

We noted that there was a significant unpaid library fine and fee balance that exceeded \$271,000. We also found that the delinquent account collection process utilized to collect the unpaid fines and fees was labor intensive and cumbersome. As a result, we recommended that the Library become more proactive in attempting to collect the fees. We also recommended greater coordination between the Library staff and the Treasurer's Office in collecting the unpaid balances.

### **1. Unpaid Balances**

**Finding – The Library carried an unpaid fine/fee revenue balance in excess of \$271,000 and the delinquent account notification process was cumbersome.**

City Code Section 46-132 (c) *Failure to return book or other library property* states, "Any person having in his or her possession any book or other property of any public library or any of its branches, mobile units or collections which he or she shall fail to return within 30 days after receiving final notice in writing from the custodian shall be guilty of a Class 1 misdemeanor. However, if such book should be lost or destroyed, such person may, within 30 days after being so notified, pay to the custodian the value of such book, the value to be determined by the public library board". In actual practice, the Library had developed a fine and fee schedule to address situations where patrons did not return books or other library materials in a timely fashion. Also, the process for notifying patrons of delinquent accounts should be automated to the greatest extent possible. Departmental revenue collection efforts should be coordinated with the Treasurer's collection efforts, to reduce the potential for overlap and duplication of effort.

As Exhibits 4 and 5 indicate, for FY 2008 and FY 2009 the revenue for fines and fees collected by Library staff was \$301,669 and \$278,348 respectively. The fines and fees collected were mainly those recently overdue. Generally, patrons told the Circulation desk staff that they had received a notice from the Library's Delinquent Account Collection Division and then made payment. Those payments were included with that branch's daily revenue even though branches had the capability to segregate the delinquent payment revenue using the PeopleSoft Operating Unit number. This process did not allow management to adequately evaluate Delinquent Account Collections. The Library expended \$58,359, representing total payroll costs, for the one Library employee assigned to the delinquent account collections process.

<b>Exhibit 4</b>			
<b>FY 2008 Fine and Fee Revenue</b>			
<b>PeopleSoft Account #</b>	<b>Description</b>	<b>Amount</b>	<b>Comments</b>
1416140100	Library Fees & Fines	\$284,344.57	Overdue Fines and Lost Books fees collected by the Library. <i>Included was \$23,652.80 received by the Library's Delinquent Account Collection Division by mail from the patrons.</i>
1416140200	Library Lost Book Fees	\$17,324.27	
<b>TOTAL</b>		\$301,668.84	
1416140101	Library Delinquent Fees/Fines	\$10,566.26	Treasurer collected Fines and fees.
1416140102	Library Delinquent Replacement Fees	\$33,745.11	
<b>TOTAL</b>		\$44,311.37	

<b>Exhibit 5</b>			
<b>FY 2009 Fine and Fee Revenue</b>			
<b>PeopleSoft Account #</b>	<b>Description</b>	<b>Amount</b>	<b>Comments</b>
1416140100	Library Fees & Fines	\$262,080.57	Overdue Fines and Lost Books fees collected by Library.
1416140200	Library Lost Book Fees	\$14,267.83	
<b>TOTAL</b>		\$276,348.40	
1416140101	Library Delinquent Fees/Fines	\$8,478.50	Treasurer collected Fines and fees.
1416140102	Library Delinquent Replacement Fees	\$27,071.22	
<b>TOTAL</b>		\$35,549.72	

Exhibit 6 indicates the fines/fees that were outstanding as of August 2009. The amounts changed on a relatively consistent basis as patrons accrued more fines and fees, paid the fines/fees, and had the fines/fees forgiven or cancelled. These amounts were not recorded as City's revenue until after they were collected. Almost half of the outstanding fines/fees were for one year or less.

<b>EXHIBIT 6</b>	
<b>Outstanding Amount of Fines/Fees for the period 8/17/08 to 8/18/09</b>	
	<b>TOTAL</b>
Current – less than 60 days <b>(6/18/2009-8/18/2009)</b>	\$49,892.20
60 – 120 DAYS <b>(4/18/2009-6/18/2009)</b>	\$56,240.09
GREATER THAN 120 DAYS and LESS THAN A YEAR <b>(8/17/2008-4/18/2009)</b>	\$165,339.67
<b>GRAND TOTAL</b>	<b>\$271,471.96</b>

The process for patron notification of delinquent accounts was labor intensive. Symphony produced letters or emails for delinquency notices at 15 and 45 days past due and automatically sent an email to those patrons with email addresses and provided a WordPad document for those patrons that did not have them. There was also a "final" 60 day notice, but this notice was sent only by email. Patrons without valid email accounts did not receive it. Email addresses that were not valid were returned to a designated Library email address, but there was no active process to obtain valid email accounts. Circulation staff did not actively request the patron's email account when patrons were obtaining or renewing a library card. From July 7, 2009 to September 30, 2009, a total of 7,348 notices were sent, with 3,427 (46.6%) sent by email and 3,921(53.4%) sent via regular mail. Finally, the process for transferring delinquent accounts to the Treasurer's Office for collections was labor intensive as well.

This situation occurred partially because the Library was not as proactive as it could have been in pursuing these balances. For example, at self checkout counters, there was a prompt informing the patron of any fine/fee owed, but unless the amount was \$10 or more, the patron could elect to continue the checkout without Circulation Desk assistance. In addition, patrons that had their accounts blocked could remove the block by making a partial payment (even a penny) that would lower the amount owed to \$9.99 or less. Also, Circulation desk staff routinely told patrons that they did not have to pay the fines/fees (of \$9.99 or less). Furthermore, there was no collection action for any amounts owed less than two dollars other than a verbal notification by staff during checkout. Finally, inability to coordinate the Library's Symphony system with the Treasurer's systems increased the complexity of the delinquent accounts collections process.

Unless the Library can improve collection of these fees, it will likely continue to carry large unpaid fine/fee balances. Additionally, other patrons will not have access to unreturned materials without additional funds expended to purchase replacements.

**Recommendation - The Library should take steps to revise the collection process to so that it (1) pursues uncollected fines/fees in a more proactive manner and (2) streamlines the delinquent account collection process.**

To reduce the overall amount of the unpaid fine/fee balance, the Library should develop a process that more actively pursues collection. Such a process could include the following:

- Place check-out restrictions on a patron's account when the fine/fee has not been paid within a specified period, no matter the size of the outstanding fine/fee.
- Send a bill for account balances over a designated threshold amount when the account is 45 days past due that explains the collection process, including penalties.
- Place patron's accounts that have been invoiced into a separate reporting status.
- Send an automatic monthly Final Notice for accounts over a designated threshold amount that reiterated the collection process, including penalties.
- Require payment in full when a patron's account and any other accounts for which

the patron is responsible reaches a predetermined “cutoff” limit before any further checkouts are allowed, with any exceptions approved by Library Executive staff.

- Establish a monthly reconciliation process for outstanding accounts that includes unpaid balances by patrons as of a designated date.
- Directing circulation staff to actively request the patron’s email account whenever patrons are obtaining or renewing a library card. In addition, the Library should compile a list of patrons for whom they do not have valid emails accounts, and attempt to obtain email account when transactions occur for those patrons, to reduce mailing costs.
- Developing a mechanism for electronic transfer of delinquent account data to the Treasurer for potential invoice collection.

These steps should help the Library reduce its overall unpaid balance and reduce the need for replacement expenditures, and should also help to streamline the delinquent account collection process.

**Response - The auditor’s examination of the Library overdue collection system correctly identifies the need for an overhaul of the process. The methodology has not been updated for many years to reflect changing realities; including personnel costs, postage costs, and the possibility of electronic transfer of information between City Departments. The overdue collection process will be streamlined and modernized. Between 04/01/09 and 3/31/09 the Library had an overall loss rate of less that .4% of all circulated items. Less than 3% of all circulated items have outstanding fines. Both the Auditor and the Library agree that the new proactive policies should significantly reduce the amount of outstanding debt.**

**Working closely with the Auditor, the Library has written new overdue collections procedures which incorporate the recommendations made in this report. The Library agrees that these changes should significantly reduce the amount of outstanding debts, and help to streamline the process. A more efficient and effective collection process will also yield savings in staff time in both the Library and in the Treasurer’s Office. Highlights of the new procedures include the following:**

- **Proactive fine collection at the point of checkout. Resolving fines immediately will help to avoid debts from accumulating on patron records until they are uncollectible and must be forwarded to the Treasurer’s Office.**
- **The new overdue policy will establish a maximum fines threshold of \$1.99. Amounts owed over \$1.99 will result in a patron’s privileges being blocked until the debt is resolved.**
- **All balances, regardless of the amount, will be required to be paid in full by the end of a twelve week period.**
- **The Library will implement a single sheet bill for each patron.**

- **The Library is exploring the option of electronic transfer of delinquent account data to the treasurer.**
- **The Library and the Treasurer have agreed upon a system that will allow overdue fines to be paid at any Chesapeake Library after the Treasurer's Office has instituted the collections process.**
- **The Library is exploring the possibility of implementing individual staff log-ins with the Library Database System (Symphony). The CPL system was not originally designed to accommodate individual logins.**
- **The Library is pursuing options with the Treasurer to facilitate acceptance of on-line payments before implementing the new policy due to the service impact of on-line users being barred from all library services without have a recourse for payment.**

## **E. Building Security and Safety**

We observed and conducted testing of the safety and security of the Library branches. We noted that patron and staff safety and security in general were satisfactory, although there were some areas of concern. We observed that the children's section of all but one branch had obstructions blocking the staff from observing all areas of the room. Additionally, the Library did not have written and practiced procedures for emergencies. Also, there was no standardized procedure for ensuring that the required safety and security checks of equipment occurred. Finally, there were concerns of the physical condition of the Library.

### **1. Patron and Employee Safety and Security**

#### **Finding – The patron and employee safety and the physical security practices and procedures of the Library buildings needed to be enhanced.**

According to the Library Administration and Management Association, a division of the American Library Association (ALA), the guideline for libraries states the duty to protect is “ensuring the physical protection of both library employees and library patrons.” Also, the Library “is responsible for protecting the building, its contents, and its immediate surroundings. This responsibility includes, but is not limited to, the development and integration of protection programs for fires, floods, earthquakes, and other natural disasters.”

We visited each library location to determine if adequate security processes were in place to ensure the protection of all library locations, employees and patrons. We found that the Library did not have documented procedures that addressed emergency situations such as fire, robbery, or missing children. In addition, there was no comprehensive security plan in place that addressed library opening and closing procedures, testing of various types of alarms, fire extinguisher, security training and physical security of buildings.

Our tour of the children's section at all branch locations revealed that the children's section at Central, Greenbrier and Russell Memorial Library's were not arranged so that the Children's Librarian had a clear view of all entrances, exits, bathrooms, and aisles from their desks. At the Central Library, there was a back entrance/exit door to the children's section located by the bathrooms that could not be seen by the librarian, the door was not kept locked and was not alarmed. Below is a picture of the view the Central Children's Librarian has from the desk.



***View from librarian's desk in children's section at Central Library***



Although City's Administrative Regulation 5.04 was utilized by the Library and addressed what to do in the event of a bomb threat, the Library did not have documented security procedures that instructed Library personnel on their roles and responsibilities in the event of a fire, robbery, or missing child. Also, each Library location did not have Automated External Defibrillator (AED) equipment installed. In addition, all library staff had not been trained on AED equipment or Cardio-Pulmonary-Resuscitation (CPR) to aid patrons in the event of an emergency.

In addition, our review and test of the inspection records for portable fire extinguishers at each library branch location revealed that inspections were not completed each month for all fire extinguishers at each location, and that the date and inspector's name was not annotated on each inspection tag as required by Administrative Regulation 5.01. Also, library staff at each branch had a different understanding of their roles and responsibilities regarding fire extinguisher inspections. Further, there was no Library review to ensure inspections were being performed as required.

Our test of the alarms on emergency and back exit doors revealed that the alarm on one emergency exit did not sound, and one Branch Manager could not find the key to the alarm for the exit door so it could be tested. In addition, the testing of door alarms was not being performed on a periodic basis, and a record that the door alarm test was performed was not documented. Furthermore, we observed that panic alarms were not always installed so that they could be unobtrusively used in the event of an emergency situation. We found several instances where employees did not know where panic alarms were located. We also found instances where the panic alarms were dangling from loose wires located under a desk. In addition, panic alarms were only tested once a year by an outside vendor.

We also noted several instances where doors to unauthorized areas at the Central Library were left unlocked and accessible to unauthorized patrons and staff. The door to the Mechanical Room was left unlocked multiple times, and the access door (inside the Mechanical Room) leading to the roof was left unlocked. We also observed that security gates at several library locations were installed several feet from the main entrance, leaving a gap where patrons could bypass the security gates. Several branches tried to rectify the problem by placing makeshift barriers that filled the gap, but these barriers were unappealing and/or a trip hazard. Finally, there appeared to be a need for more visual fire alarms to be located within the Records Management storeroom and in all of the quiet study and conference rooms.



***South Norfolk Library entrance***

These situations occurred because the Library did not have a documented comprehensive security program in place that addressed the handling of emergency situations, alarm testing, fire extinguisher inspections, security awareness training, and branch opening and closing procedures. Therefore, Library staff did not fully understand their roles and responsibilities with regard to emergency situations and the physical security at their branch. In addition, the Library did not have a monitoring process in place to ensure that security procedures were being followed consistently at each branch location. If these conditions continue the safety and security of the employees and patrons could be placed at risk.

**Recommendation – The Library should develop, document, and implement a comprehensive security program that addresses the various types of emergency situations and the physical security of buildings.**

The Library security program should address the following areas:

- Defining the roles and responsibilities of employees with regard to the handling of emergency situations in the event of fire, robbery, bomb threats, or missing children. In addition, security procedures for emergency situations should include performance of periodic announced and unannounced drills that test the effectiveness of the procedures and the staff's awareness of their roles and responsibilities.
- Documentation of branch opening and closing procedures.
- Periodic testing of security devices located at each library location such as, various type alarms, security gates and fire extinguishers.
- Ensuring that unauthorized areas at each library location are properly secured.

- Installing AED equipment at each Library location. Also, all library staff should be trained on AED equipment and CPR. Additionally, trained AED and/or CPR staff should be on hand during library operating hours.
- Developing and ongoing security awareness training program.
- Developing a security monitoring process.

These steps should help enhance library security over both the short and long term.

**Response – The Library has multiple safety and security procedures in place to handle a wide range of daily routines and emergencies, but it does not have an updated and comprehensive plan. The Library is currently developing a new security and emergency management plan for implementation this summer (2010). Ensuring the safety of the public and the staff is an administrative priority.**

The updated Library Security and Emergency Management Policy will define roles and responsibilities of staff during a wide range of emergency situations. Regular testing of equipment and alarms will be incorporated as part of the plan, as well as announced and unannounced practice drills in all branches. Many of the issues noted by the Auditor, including the installation of AED equipment and staff training, alarming strategic doors, and repairing and repositioning panic alarms at key service desks were already being addressed at the time of the audit, or were implemented immediately following the recommendation.

The Library concurs that having all areas of the children's rooms be visually accessible is an excellent recommendation. All noted spaces will be rearranged and in the interim, the Library will seek to minimize visual obstructions, add monitoring mirrors when necessary, and have staff patrol the areas. The Children's Room service desks are positioned to view all people entering and leaving the Children's Room in each library. Adults who are not in the company of children are closely monitored. The Library implemented a policy last year that Children's Rooms must be staffed at all times for safety and security.

## **2. Condition of Library Facilities**

**Finding – The Library's building facilities had a number of unresolved maintenance requests, and there was no centralized system to monitor the status and frequency of service requests.**

The purpose of an effective building maintenance program was to prevent property deterioration and to protect the public health, safety and welfare by ensuring proper building maintenance and housekeeping. For this reason, the Library should have the capability of being able to determine the status of its maintenance requests.

Maintenance requests were reported by each branch to Facilities Maintenance and then a copy of the service request was sent to Library management where the requests were placed in a binder by branch. Once each request had been completed, the branch notified Library management.

We discussed unresolved maintenance and repair concerns with the Branch Managers for the seven library branch locations. Their concerns are highlighted below.

<b>Exhibit 7</b>							
<b>Observed Maintenance and Repair Problems</b>							
<b>Library</b>							
<b><i>Maintenance/Repair Categories</i></b>	<b>Central</b>	<b>Clarence Cuffee</b>	<b>Green brier</b>	<b>Indian River</b>	<b>Major Hillard</b>	<b>Russell Memorial</b>	<b>South Norfolk</b>
Treatment for termites	X	X	X	X	X	X	X
Exterior of building (walls, windows, foundation, drains, etc.)	X						X
Roof and rooftop equipment (including gutters/downspouts)	X		X				X
Entrance/exit doors	X					X	X
Wall and ceiling finishes (paint, wallpaper, ceiling tiles)	X		X		X	X	X
Floor finishes (carpet, tile, etc.)	X		X	X	X	X	X
Interior doors, railings, built-ins	X		X				
Elevators, Escalators, Stairways		X					
Lighting, alarms, sprinklers, etc.	X	X		X	X	X	X
HVAC, fixtures(water fountains) and other mechanical equipment	X						
Interior pipes and leaks	X						
Repairs for restroom, partitions, cleaning and repair of dividers	X		X				
Inspect and treat for mold and moisture			X	X			X
X – Indicates a problem in the Library for the maintenance/repair categories							

We also noted that the Library staff was unable to provide summary information about maintenance requests without looking at each service request and compiling the information. This occurred in large part because the staff had to use a manual system that made it very time consuming to extract and summarize data, thus limiting their ability to effectively manage maintenance requests.

**Recommendation – The Library should work with Facilities Management to 1) complete open maintenance requests and 2) develop a more efficient centralized internal maintenance request system that could summarize maintenance requests and provide follow-up information in a timely fashion.**

After cataloging all of its facilities maintenance issues, Library management should meet with Facilities Management to develop a timetable for addressing them. The timetable should also incorporate the necessary facility funding to address the identified maintenance issues. Developing this timetable will help ensure that the facility continues to function as needed. The Library should also seek the assistance of Facilities Management in developing an automated work sheet to track the status of its maintenance requests internally. Using this approach will help the Library develop the automated worksheet more quickly and should also help ensure that all significant maintenance items are covered.

**Response – The Library will work with General Services to develop a comprehensive long-range facilities maintenance plan for the library system. The plan will also include a replacement cycle for furniture, wall coverings, painting, upholstery, carpet, and other needed renovations on an ongoing basis. The Library facilities, with almost two million visits per year, must have a designated budget and replacement cycle for the interiors that coincides to the life cycle of the item.**

Currently, no funding for maintenance of facilities is included in the Library operating budget. City Facility Management under General Services is responsible for all maintenance, repairs, and renovations. General Services is quick to respond to emergency issues and plans annual improvements such as bathroom renovations at the Central Library in 2009 and the replacement of the HVAC system in Greenbrier in 2010. However, General Services is responsible for the maintenance of all City buildings and must prioritize projects.

Historically, the Library interiors have not been updated or redone after the initial construction of the buildings. In the older buildings the carpets and upholstery are starting their third decade of service. The Library also needs to establish a budget line item for window washing, power washing sidewalks and building exteriors, carpet repairs, and other miscellaneous maintenance requirements that are not provided by General Services.

Maintaining the facilities at an acceptable standard is a priority, and impacts all other library services. Libraries are a destination location, and the physical civic structures, used by 36,000 people a week, are as important to the delivery of public service as the collections, the programming, technology, and the staff. Maintaining the buildings also protects the City's investment in the infrastructure and the investment made by the taxpayers in these public facilities.

The auditor's recommendation to establish an online system of reporting and following up on the facility work requests is excellent. The Library will work with General Services to implement a new system.

## **F. Information Technology**

We observed the operation of the Library's Information Technology (IT) department and had several areas of concern that included: security and redundancy of the computer systems, independence from the City's IT, and capabilities of Symphony in areas of financial management.

### **1. System Security Procedures**

**Finding – Security procedures and system access and software controls related to information technology needed to be enhanced. In addition, the Library IT staff was not adequately trained to extract data from the library's automated systems and was not provided with a test environment to manipulate data outside the production environment.**

Physical security and access to programs and data should be appropriately controlled to prevent unauthorized use, disclosure, modification, damage, or loss of data. Access controls include password security, segregation of duties and periodic review of access. In addition, an entity should maintain reliable systems that include appropriate data backup and recovery processes. Computer operations should include daily, weekly, monthly back-up schedules, monitoring of back-ups to ensure they were successfully completed, and periodic recovery testing.

We identified a number of potential issues with the physical security of the servers. For example, both the primary server and the backup server were kept in the same room. Also, the camera server was located inside the computer room instead of being off-site. In addition, the fire suppression system for the electronic devices was water sprinklers, and there was no water level sensor (under the false floor) and alarm even though water was piped through and in the room.

We also identified some issues with the system access controls and software. Personal information of patrons, including some social security numbers, was available to third party vendors because the information was not encrypted. One of the computer operators left their key to the computer room door in an unlocked desk drawer accessible to unauthorized personnel. Also, the City had an existing contract for disposal of computer equipment that was not being used by the Library.

In addition, the City's IT department conducted an intrusion detection survey that included a check of unauthorized access to the City IT system from the Library IT system. The Library IT Manager indicated that the Library's IT system was included in the January 2009 City IT intrusion detection survey, but no results had been forwarded. Furthermore, no intrusion detection survey had been conducted on direct access to the Library's systems.

The Library used the package software **Symphony** from Sirsi-Dynix. This package was commonly used by other libraries across the nation. While it functioned well for the Library's basic activities, we did identify some concerns with its operation:

- The Library **Symphony's** offline client feature was not available for the branches except during system testing. Therefore, if the branches lost communication with **Symphony**, then the branches had to use either pen and paper or a text file on their computer(s) to document which items were checked out and then had to manually input the transactions into Symphony when communication had been re-established.
- The collection of data for review of outstanding fines and fees required the use of multiple functions and was time consuming and labor intensive.
- There was no electronic method to transfer information to the City IT system. Information on delinquent patron accounts for collection was printed (as of 2009, the report was approximately 2000 pages) by Library staff then physically taken to the Treasurer's Office.

We also identified the following operational issues and concerns:

- Library IT staff had not received adequate system training on extracting data from the Symphony and Smart Access Manger (SAM) system to provide Library management with statistical data reports for decision making. In addition, the Library IT department did not have a test environment for testing upgrades or creating various data reports.
- Inventory controls over computers and peripherals lacked proper segregation of duties. The Library IT Manager ordered, maintained and updated inventory records for Library computers and peripherals and performed periodic verification of inventory.
- Since the Library IT staff operated independently of the City's IT department there was no assurance that the staff had been adequately trained, was being properly utilized, was properly maintaining backup, that computer room security was adequate, and was provided guidance and oversight. Furthermore, the Library did not have a process in place with City IT to provide adequate supervision and support in the absence of the Library IT staff.

The security issues appeared to be related to the autonomy of the Library's IT operation, which was separate from the City's IT operation and instead reported to Library management. Because of this arrangement, the Library's IT operation was not well-positioned to participate in the City's IT security procedures. Additionally, the primary focus of the Library's IT systems was monitoring the Library's Collections. The financial aspects of Library operations were not a primary consideration.

If the security concerns are not addressed, particularly the concerns related to the system backup, the Library risks loss of valuable hardware. Additionally, the lack of offline processing capacity could adversely impact operations in the event of an extended communication outage at Central Library, since the other branches would not be able to use Symphony or SAMS. Furthermore the lack of interface with the City's financial systems created additional work for Library staff.

**Recommendation – The Library should take steps to enhance its security procedures and system access and software controls related to information technology operations.**

To enhance security procedures, the Library may wish to consider the possibility of allowing its IT staff to either merge with the City's IT staff or provide an IT staffing backup, so that they have greater ongoing access to the City's security procedures. Such an arrangement would also give them a greater opportunity to coordinate their financial collection efforts with those of the Treasurer. In addition, the Library may wish to consider the following security and system control enhancements:

- Moving the backup Library server system off-site.
- Installing an Ethernet connection from the off-site location to provide a backup operating system to the other branches if there is a loss of communication or power failure at Central Library or systems failure.
- Redacting all social security numbers from patron accounts.
- Developing a business continuity plan that will allow continued electronic library operation in the event of a disaster.
- Installing a fire suppression system that is compatible with electronics; and installation of water level alarms.
- Training of Library IT staff to extract data from the library automated systems.
- Creating a Library test environment or research the possibility of using the City IT department's test environment.
- Segregating of duties related to the Library's computer inventory.

**Response - The IS Department maintains innovative, current, secure, efficient, and cost effective technology that keeps the Chesapeake Library System in the forefront of library technology. Our technology stands a cut above our contemporaries in the Hampton Roads area. CPL was the first Library to introduce Wi-Fi to our patrons, content filtering as required by law, fully compliant RFID self-checkout, PC reservation and print management.**

**The Library has noted the Auditor's recommendations and has developed an excellent system for maintaining physical security and access. All PCs are controlled through Active Directory and mandatory user password control is in accordance with City IT Department standards for complexity and periodic change. The Library IS Department maintains a program of daily, weekly, and monthly data backups to critical systems that include off-site storage of backup media and images at the City IT Department.**



**Most of the Auditor's recommendations have been addressed. All social security numbers have now been removed from the Library database. The Library Director is aware of the need and importance of ongoing staff training and development. The Library is actively seeking out additional training opportunities for all of the Library departments and is committed to investing in the staff. The Library also uses technical sessions, work through technical issues as a team, utilizes webinars, and keeps up with the technical journals to stay current with technology. The IS Department is actively participating in the development of the new Library Security and Emergency Management Policy.**

## **G. Non Profit Agreements and Controls**

There was no written agreement between the Friends of the Library or the Chesapeake Public Library Foundation and the City authorizing City employees to handle their funds. Also, donations to the Friends of the Library were not adequately controlled, and the Foundation accounting process lacked segregation of duties.

### **1. Formal Nonprofit Agreement**

**Finding – The City did not have a formal agreement with the Friends of the Library (FOL) or the Chesapeake Public Library Foundation (Foundation) that authorized the Library to use City resources to handle financial transactions on behalf of the FOL or the Foundation.**

When City employees are conducting management oversight and/or processing financial transactions for affiliated non-profit organizations such as the FOL and the Foundation, there should be a formal written agreement between the City and the affiliated organization that details the roles and responsibilities of each party.

We found that Library employees at various branch locations were handling financial transactions and/or had signature authority for the FOL and the Foundation even though the City did not have a formal agreement with either group that authorized Library employees to collect funds, sign checks, handle cash or process financial transactions on their behalf.

This situation occurred because Library employees had historically performed these functions on behalf of both groups, since they lacked the resources to perform them on their own. However, without a formal agreement, the City could be exposed unnecessarily to fiduciary loss or other liabilities related to these activities.

**Recommendation - The City should obtain formal signed agreements with the FOL and the Foundation that authorizes use of City resources to collect funds, sign checks, and handle cash or process financial transactions on their behalf.**

The agreement should specifically outline the responsibilities of each party including management responsibilities, cash collection, oversight responsibilities, recordkeeping/reconciliation, and signature authority responsibilities. With these items included, the agreement should adequately protect all involved parties.

**Response – The Library will develop a written Memorandum of Understanding between both the Friends of the Library and the Chesapeake Public Library Foundation and the City authorizing City employees to handle their funds. The Memorandum will specifically outline the responsibilities of both parties according to the auditor’s recommendations. Donations to the Friends of the Library are now strictly controlled following the Auditor’s recommendations.**

## **2. Controls Over Friends of the Library Donations**

### **Finding – Donations received on behalf of the (FOL) at various library locations were not counted, controlled and locked in a safe each night.**

To receive donations, the FOL placed locked metal boxes with openings at the top so that patrons could pay for used books and make donations to the FOL. In addition, the library branches sold FOL tote bags and memberships. Therefore, the Library needed documented cash control procedures that addressed the proper handling and safeguarding of donations received on behalf of the FOL.

We noted that the Library did not have documented procedures on how to handle FOL donations. We evaluated the process for handling patron cash/check donations received on behalf of the FOL at various library branch locations and found several branch locations where the FOL boxes were not physically attached to a table or wall. Furthermore, the opening at the top of the boxes was large enough so that anyone could remove cash donations from the boxes.

Donations were not always removed from boxes and placed in a safe each night; instead donations were placed in a white envelope, taped shut, and forwarded by courier to the accountant at the Central Library. In addition, FOL donations were not logged in when received, were not counted by the library branch or by the accountant and the donations were held in the accountant's locked filing cabinet for up to two weeks before being picked up by a FOL representative.

This situation occurred because the Library allowed the FOL organization to pick up the donations at one central location rather than having to pick-up donations at each branch location. Therefore, library employees were handling cash/check donations on behalf of the FOL. In addition, the Library did not have documented procedures that established internal controls for handling FOL donations, and no monitoring process was established to ensure that procedures were being followed.

If documented cash/check donation and control procedures are not established and periodically monitored, cash/check donations could be lost. In addition, because library employees are handing cash donations for a non-profit organization, the City could be exposed to unnecessary liability and risk.

**Recommendation - The Library should establish and document procedures for handling and controlling cash/check donations and sales received on behalf of the Friends of the Library. In addition, the Library should establish a monitoring process to ensure that Library branches are adhering to established procedures.**

The procedures developed should ensure that:

- Funds received from donations or the sale of bags, memberships, and books are counted at the end of each day.
- Funds are locked in safe at night.
- Tamper evident bags should be used to store collected funds.
- Count sheets should be used to document counts.
- A specific time should be established for transferring FOL deposits.

Such procedures should adequately protect both the FOL and the City.

**Response – All recommendations have been fully implemented.**

### **3. Foundation Accounting Process**

**Finding – The accounting process for the Chesapeake Public Library Foundation (Foundation) lacked adequate segregation of duties. In addition, donations received at library locations were not always deposited within three days from receipt.**

Adequate segregation of duties is required to reduce the probability of actual impropriety or the appearance of impropriety. One of the key components of an effective internal control process is the need for segregation of duties. Segregation of duties has as its primary objective the prevention of fraud and errors. This is accomplished by assigning to different people duties that would inherently increase the risk involved in a process if conducted by the same person. Some examples would include the receipting of checks and the ability to process charge offs or the writing of checks and the reconciliation of the bank account.

It did not appear that the accounting functions of the Foundation had adequate segregation of duties. We noted that:

- One individual made deposits, wrote checks, and reconciled the Foundation's checking account;
- Checks were signed by another individual, but no supporting documentation accompanied the checks presented for signature. Therefore, supporting documentation was not reviewed, initialed and dated when checks were signed;
- The person who wrote checks made checks payable to themselves for petty cash or reimbursement for expenses incurred. Signed checks were returned to the individual who wrote the checks for mailing;
- Bank statements were not reconciled in the month they were received and no one from the Foundation received or reviewed Foundation monthly bank statements and reconcilements;
- The Library did not have procedures that addressed the processing of Foundation donations that were received at library branch locations. We found that branches consistently held donation checks for longer than three days before they were forwarded to the central Library to be deposited.

These situations occurred because 1) segregation of duties had not been established and 2) the Foundation Treasurer did not have a role in the accounting process. In addition, the Library did not have documented procedures on how to handle donations made to the Foundation.

If proper segregation of duties is not established and Foundation donation deposits are not made in a timely manner the City could be exposed to possible losses. In addition, because library employees were involved in the accounting process for the Foundation, the City could be exposed to unnecessary liability and risk.

**Recommendation – The Library should ensure that adequate segregation of duties is included in the accounting process. In addition, the Library should develop documented procedures for handling donations made to the Foundation.**

The Library and the Foundation should consider the following items to improve accountability for the Foundation accounting process.

- The Treasurer of the Foundation should take an active role in the accounting process, such as obtaining online access to review bank statements and the front and back of issued checks, reviewing each monthly reconciliation, and signing all Foundation checks.
- The individual who signs checks should review, initial, and date all supporting documentation related to the check.
- Signed checks for mailing should not be returned to the person who wrote the checks.
- All donations should be deposited within three days of receipt.

These steps will enhance segregation of duties and better protect both the Library and the Foundation.

**Response - The Foundation Treasurer has access to the accounts online and reviews all statements on a monthly basis. The Foundation Treasurer is an authorized signer for the Foundation checking account. The individual signing the checks reviews all supporting documentation and initials/dates the material provided before signing the check.**

The checks are prepared and mailed by the Administrative Assistant. The Foundation does not have another person who can handle this function. The checks are mailed to businesses or individuals that have sent a bill for their services. If a bill is not paid, the Foundation will be notified. This serves as the check and balance needed to ensure that the Administrative Assistant is paying the bills and not pocketing the money. The online banking function provides the Foundation Treasurer with an image of the front and back of each check that was cashed, allowing for verification that the check was processed for payment to the appropriate business or individual.

All donations are deposited within three business days of receipt by the Administrative Assistant. Area libraries send donations to Library Administration on the next business day after receipt.

## **H. Collection Management**

The Collection Management System Department ordered, received, and cataloged each item added to the Collection. The process was divided into three groups: ordering and receiving, processing and cataloging written items, and processing and cataloging other items such as DVDs and CDs. While the Library had centralized the ordering process to streamline and economize the process, we observed Collection Management practices that needed to be addressed to enhance performance and costs and ensure the validity of the Collection.

### **1. Inventory Spot Checks**

**Finding – The Library did not have a formalized process for spot checking inventories, and was not optimizing its use of RFID scanners and labels.**

The American Library Association's (ALA) guidelines stated that the duties and responsibilities of librarians may include the performance and supervision of "Collection management processes necessary for the processing and preservation of materials." These also include, the "security of library materials", and "shelving, stacks maintenance and taking inventories of materials". Thus, the Collection should be inventoried on a regular and ongoing basis. Inventories should be dated and retained to be used as a baseline for future inventory or for comparison should a loss or theft be suspected. For example, significant local materials should be inventoried more regularly; however, spot check inventories are often beneficial.

Complete wall-to-wall inventories that compared the Collection (582,002 items as of 10/19/09) to the database were not conducted; instead, weeding teams consisting of Reference staff polled the shelves for infrequently checked out items and for damaged items. However, spot checks comparing items to catalog records were not formally conducted. The Library relied upon errors caught by patrons or found when shelving to maintain the accuracy of the catalog.

We also observed that items received from the vendor were not scanned to verify the RFID label during the receipt process. Also, there was no RFID scanner in the shipping/receiving room. In addition, while the vendors who supplied printed materials installed RFID labels into their products, the vendor(s) providing audio-visual items did not. Additionally, vendors were not required to provide Machine-Readable Cataloging (MARC) records.

Library staff indicated that nationally, most libraries did not perform wall-to-wall inventories, which was why they relied on the unscheduled spot checks or errors found by patrons. Difficulties with the RFID labels occurred because the Library was not sufficiently aware of the limitations of the RFID system that was purchased. The Library used a process of continuous review, evaluation, and weeding to maintain its collection. Weeding was the practice of library staff reviewing the collection for items that need to be replaced or discarded and to identify where items were needed.

Without a formalized spot check plan, the inventory of the Library's Collection will not be as accurate as it otherwise might be. Additionally, the risk of loss of Collection items will persist if the RFID scanners are not utilized optimally.

**Recommendation – The Library should develop a more formalized process for spot checking inventories, and should explore methods of optimizing its use of the RFID scanners.**

The Library should develop a written procedure for spot checking of the Collection at periodic intervals to ensure the accuracy of their perpetual inventory. It should also ensure that scanners are placed in all necessary areas, including shipping and receiving areas, and that all vendors utilize the RFID tags.

The Library also should coordinate with all vendors that supply items for the Collection to affix RFID tags, ICPL labels, and provide Machine-Readable Cataloging (MARC) records. It should also evaluate whether the Collection Management process can be optimized through streamlining or other cost savings as a result of greater RFID tag usage.

**Response – During the past year the Library implemented the new RFID system, tagged over half a million items, and implemented self check. The self check has been enormously successful with a current 95 percent use rate. The savings in staff time has allowed the Library to keep pace with the large increases in use over the past year with a reduced staff. The Library is excited and intrigued by the possibilities of inventory management that RFID offers, but has not yet had time to pursue. We look forward to the opportunity to fully explore the options mentioned by the Auditor, as well as other possible applications.**

In a proactive response to a leaner budget, the Library has radically overhauled the Collection Management Department in the past several months. Several staff members were transitioned to open positions on public service desks and their former positions were deleted for cost savings. Processing costs were reduced by more than 40 percent as a result of reduced staff. In order to streamline operations and avoid redundant work tasks, CMS stopped scanning all received items since they are scanned when received at the libraries. There have been very few errors on RFID tags reported from the Circulation Departments. Currently, locating an average of 13,000 of randomly placed holds a month for the public constitutes an ongoing spot check of the collection.

# **APPENDIX A**

## **RESPONSE FROM LIBRARIES & RESEARCH SERVICES OFFICIALS**



# MEMORANDUM

**TO:** Jay Poole, City Auditor  
Audit Services

**FROM:** Betsy Fowler, Director  
Libraries & Research Services

**DATE:** June 21, 2010

**RE:** Audit Recommendation Responses

The City of Chesapeake Audit Services Department recently completed the first internal managerial audit of the Chesapeake Public Library conducted since 1994. The Audit identified several areas where the Library could make improvements and implement better business practices.

Although the Library has undergone tremendous changes and made major strides over the past year and a half, due to the combined forces of a major economic recession and a new director, much remains to be done to position the Library for the challenges of the 21<sup>st</sup> Century. The Library staff is committed to moving forward to implement new policies and streamline operations as rapidly as possible.

The audit provides a blueprint and a starting point for changes in cash management, and the Library appreciates the time the Auditors took in meetings and conversations to develop new procedures and policies to address dated systems. Many of the recommendations have already been implemented and many of the remaining suggestions will be acted upon as rapidly as possible.

### **C. Cash Control**

*Recommendation – The Library should establish and document cash handling and control procedures so that cash is adequately safeguarded. The procedures should address cash controls for Circulation, Reference, and Courier personnel. In addition, the Library should develop an ongoing monitoring process to ensure adherence to cash handling, cash control, and courier procedures.*

**Response - The Library recognizes the importance of training staff on cash handling, developing written policies and training manuals; and ensuring that all policies are consistently practiced and monitored. The Library is producing written cash handling procedures and will work with the Treasurer's Office in the development of these procedures. Based on the Auditor's recommendations several new processes have already been put into place and additional procedures will be implemented in 2010 including:**

- **The installation of new cash registers throughout the system that will require a unique identifier so there will be mechanism in place to monitor individual staff transactions.**
- **A requirement for two employees to be present to open a safe. One person will have the combination, and the other employee will be authorized to sign out a safe key from the key box. The transaction will be logged. The key box log and safe log will be randomly checked by designated system personnel.**
- **A reconciliation procedure and policy for the system which will include forgiven/canceled fines. The process will also incorporate training, new cash registers, fine payment machines, and identifying what system reports can be generated by the SAM.**
- **The cash handling procedure has already been altered to required independent verification and reconciliation by two staff persons counting and signing separate sheets each day at every library in the system.**
- **A system of periodic cash surprise cash counts is being built into the new policies and procedures.**
- **A requirement that three designated staff people will perform a surprise visit once a month, each to a separate library. The rotation will ensure that each library has an unannounced surprise count and examination of all logs performed at least four times annually.**
- **A requirement for a cash count to be conducted at the close of each business day, in addition to the cash counts currently conducted each morning. Counted funds will be placed into a tamper evident bag in the safe until the morning count is conducted.**
- **Procedures have been implemented which require cash be secured at all times; including being locked in the safe, secured in the cash register, or under the immediate supervision of a trained employee being counted and bagged.**
- **The Library altered the method of calculating sales tax when the error was discovered by the auditor.**

- Refunds will be handled by the Library Payment Centers.
- A safe has been installed in the Courier van. All deposits are secured in the safe at each stop. Tamper evident bags are being used for Friends of the Library funds. The new cash procedures will require the use of tamper evidence plastic bags and a courier log of the movement and exchange of deposits.

#### **D. Unpaid Balances and Delinquent Accounts**

*Recommendation - The Library should take steps to revise the collection process so that it (1) pursues uncollected fines/fees in a more proactive manner and (2) streamlines the delinquent account collection process.*

**Response - The auditor's examination of the Library overdue collection system correctly identifies the need for an overhaul of the process. The methodology has not been updated for many years to reflect changing realities; including personnel costs, postage costs, and the possibility of electronic transfer of information between City Departments. The overdue collection process will be streamlined and modernized. Between 04/01/09 and 3/31/09 the Library had an overall loss rate of less than .4% of all circulated items. Less than 3% of all circulated items have outstanding fines. Both the Auditor and the Library agree that the new proactive policies should significantly reduce the amount of outstanding debt.**

Working closely with the Auditor, the Library has written new overdue collections procedures which incorporate the recommendations made in this report. The Library agrees that these changes should significantly reduce the amount of outstanding debts, and help to streamline the process. A more efficient and effective collection process will also yield savings in staff time in both the Library and in the Treasurer's Office. Highlights of the new procedures include the following:

- Proactive fine collection at the point of checkout. Resolving fines immediately will help to avoid debts from accumulating on patron records until they are uncollectible and must be forwarded to the Treasurer's Office.
- The new overdue policy will establish a maximum fines threshold of \$1.99. Amounts owed over \$1.99 will result in a patron's privileges being blocked until the debt is resolved.
- All balances, regardless of the amount, will be required to be paid in full by the end of a twelve week period.
- The Library will implement a single sheet bill for each patron.
- The Library is exploring the option of electronic transfer of delinquent account data to the treasurer.
- The Library and the Treasurer have agreed upon a system that will allow overdue fines to be paid at any Chesapeake Library after the Treasurer's Office has instituted the collections process.

- The Library is exploring the possibility of implementing individual staff log-ins with the Library Database System (Symphony). The CPL system was not originally designed to accommodate individual logins.
- The Library is pursuing options with the Treasurer to facilitate acceptance of on-line payments before implementing the new policy due to the service impact of on-line users being barred from all library services without have a recourse for payment.

#### **E. Building Security and Safety**

*Recommendation – The Library should develop, document, and implement a comprehensive security program that addresses the various types of emergency situations and the physical security of buildings.*

**Response – The Library has multiple safety and security procedures in place to handle a wide range of daily routines and emergencies, but it does not have an updated and comprehensive plan. The Library is currently developing a new security and emergency management plan for implementation this summer (2010). Ensuring the safety of the public and the staff is an administrative priority.**

The updated Library Security and Emergency Management Policy will define roles and responsibilities of staff during a wide range of emergency situations. Regular testing of equipment and alarms will be incorporated as part of the plan, as well as announced and unannounced practice drills in all branches. Many of the issues noted by the Auditor, including the installation of AED equipment and staff training, alarming strategic doors, and repairing and repositioning panic alarms at key service desks were already being addressed at the time of the audit, or were implemented immediately following the recommendation.

The Library concurs that having all areas of the children’s rooms be visually accessible is an excellent recommendation. All noted spaces will be rearranged and in the interim, the Library will seek to minimize visual obstructions, add monitoring mirrors when necessary, and have staff patrol the areas. The Children’s Room service desks are positioned to view all people entering and leaving the Children’s Room in each library. Adults who are not in the company of children are closely monitored. The Library implemented a policy last year that Children’s Rooms must be staffed at all times for safety and security.

#### **1. Condition of Library Facilities**

*Recommendation – The Library should work with Facilities Management to 1) complete open maintenance requests and 2) develop a more efficient centralized internal maintenance request system that could summarize maintenance requests and provide follow-up information in a timely fashion.*

**Response – The Library will work with General Services to develop a comprehensive long-range facilities maintenance plan for the library system. The plan will also include a replacement cycle for furniture, wall coverings, painting, upholstery, carpet, and other needed renovations on an ongoing basis. The Library facilities, with almost two million visits per year, must have a designated budget and replacement cycle for the interiors that coincides to the life cycle of the item.**

**Currently, no funding for maintenance of facilities is included in the Library operating budget. City Facility Management under General Services is responsible for all maintenance, repairs, and renovations. General Services is quick to respond to emergency issues and plans annual improvements such as bathroom renovations at the Central Library in 2009 and the replacement of the HVAC system in Greenbrier in 2010. However, General Services is responsible for the maintenance of all City buildings and must prioritize projects.**

**Historically, the Library interiors have not been updated or redone after the initial construction of the buildings. In the older buildings the carpets and upholstery are starting their third decade of service. The Library also needs to establish a budget line item for window washing, power washing sidewalks and building exteriors, carpet repairs, and other miscellaneous maintenance requirements that are not provided by General Services.**

**Maintaining the facilities at an acceptable standard is a priority, and impacts all other library services. Libraries are a destination location, and the physical civic structures, used by 36,000 people a week, are as important to the delivery of public service as the collections, the programming, technology, and the staff. Maintaining the buildings also protects the City's investment in the infrastructure and the investment made by the taxpayers in these public facilities.**

**The auditor's recommendation to establish an online system of reporting and following up on the facility work requests is excellent. The Library will work with General Services to implement a new system.**

#### **F. Information Technology**

*Recommendation – The Library should take steps to enhance its security procedures and system access and software controls related to information technology operations.*

**Response – The IS Department maintains innovative, current, secure, efficient, and cost effective technology that keeps the Chesapeake Library System in the forefront of library technology. Our technology stands a cut above our contemporaries in the Hampton Roads area. CPL was the first Library to introduce Wi-Fi to our patrons, content filtering as required by law, fully compliant RFID self-checkout, PC reservation and print management.**

The Library has noted the Auditor's recommendations and has developed an excellent system for maintaining physical security and access. All PCs are controlled through Active Directory and mandatory user password control is in accordance with City IT Department standards for complexity and periodic change. The Library IS Department maintains a program of daily, weekly, and monthly data backups to critical systems that include off-site storage of backup media and images at the City IT Department.

Most of the Auditor's recommendations have been addressed. All social security numbers have now been removed from the Library database. The Library Director is aware of the need and importance of ongoing staff training and development. The Library is actively seeking out additional training opportunities for all of the Library departments and is committed to investing in the staff. The Library also uses technical sessions, work through technical issues as a team, utilizes webinars, and keeps up with the technical journals to stay current with technology. The IS Department is actively participating in the development of the new Library Security and Emergency Management Policy.

## **G. Non Profit Agreements and Controls**

### **1. Formal Nonprofit Agreement**

*Recommendation - The City should obtain formal signed agreements with the FOL and the Foundation that authorizes use of City resources to collect funds, sign checks, and handle cash or process financial transactions on their behalf.*

**Response – The Library will develop a written Memorandum of Understanding between both the Friends of the Library and the Chesapeake Public Library Foundation and the City authorizing City employees to handle their funds. The Memorandum will specifically outline the responsibilities of both parties according to the auditor's recommendations. Donations to the Friends of the Library are now strictly controlled following the Auditor's recommendations.**

### **2. Controls Over Friends of the Library Donations**

*Recommendation - The Library should establish and document procedures for handling and controlling cash/check donations and sales received on behalf of the Friends of the Library. In addition, the Library should establish a monitoring process to ensure that Library branches are adhering to established procedures.*

**Response – All recommendations have been fully implemented.**

### **3. Foundation Accounting Process**

*Recommendation – The Library should ensure that adequate segregation of duties is included in the accounting process. In addition, the Library should develop documented procedures for handling donations made to the Foundation.*

**Response - The Foundation Treasurer has access to the accounts online and reviews all statements on a monthly basis. The Foundation Treasurer is an authorized signer for the Foundation checking account. The individual signing the checks reviews all supporting documentation and initials/dates the material provided before signing the check.**

**The checks are prepared and mailed by the Administrative Assistant. The Foundation does not have another person who can handle this function. The checks are mailed to businesses or individuals that have services. If a bill is not paid, the Foundation will be notified. This serves as the check and balance needed to ensure that the Administrative Assistant is paying the bills and not pocketing the money. The online banking function provides the Foundation Treasurer with an image of the front and back of each check that was cashed, allowing for verification that the check was processed for payment to the appropriate business or individual.**

**All donations are deposited within three business days of receipt by the Administrative Assistant. Area libraries send donations to Library Administration on the next business day after receipt.**

#### **H. Collection Management**

*Recommendation – The Library should develop a more formalized process for spot checking inventories, and should explore methods of optimizing its use of the RFID scanners.*

**Response – During the past year the Library implemented the new RFID system, tagged over half a million items, and implemented self check. The self check has been enormously successful with a current 95 percent use rate. The savings in staff time has allowed the Library to keep pace with the large increases in use over the past year with a reduced staff. The Library is excited and intrigued by the possibilities of inventory management that RFID offers, but has not yet had time to pursue. We look forward to the opportunity to fully explore the options mentioned by the Auditor, as well as other possible applications.**

**In a proactive response to a leaner budget, the Library has radically overhauled the Collection Management Department in the past several months. Several staff members were transitioned to open positions on public service desks and their former positions were deleted for cost savings. Processing costs were reduced by more than 40 percent as a result of reduced staff. In order to streamline operations and avoid redundant work tasks, CMS stopped scanning all received items since they are scanned when received at the libraries. There have been very few errors on RFID tags reported from the Circulation Departments. Currently, locating an average of 13,000 of randomly placed holds a month for the public constitutes an ongoing spot check of the collection.**