**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
The Library Services Department**

Prepared By:
Internal Auditors
May 27, 2021

Table of Contents

Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, FL 32940

321.255.0088
321.259.8648 (fax)
CRIcpa.com

May 27, 2021

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2020/2021 internal audit plan, we hereby submit our internal audit of the Library Services Department. We will be presenting this report to the Audit Committee at the next scheduled meeting on June 9, 2021.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of the Library Services Department.
Background	This provides a general overview of the Library Services Department and various financial statistics.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of our approach.
Observations Matrix	This section provides the results of our internal audit procedures, including our recommended actions and management's responses.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of the Library Services Department.

Respectfully Submitted,

INTERNAL AUDITORS

Executive Summary

Executive Summary

Overview

The Library Services Department ("Department", "Library Services") maintains and operates 17 libraries in Brevard County. The Brevard County libraries are committed to the enabling of people of all ages to improve their quality of life by providing information and enrichment through traditional resources and new technology.

The funding for the Library Services is derived from restricted revenue sources such as property taxes, State aid, and fines and fees. Accordingly, once received, these revenue sources must be spent on Library Services and cannot be diverted to meet other unrelated County needs.

Objective

The audit objectives will be to assess the design of key operational and financial processes, review the current capital improvement plan, identify any process or internal control gaps, and assess compliance applicable laws, rules and other County policies and procedures.

Observations

Observation ratings are a subjective evaluation of the severity of the concern and the potential impact on the operations. An observation rating of "High" represents an issue of immediate concern and could cause significant operational issues if not addressed soon. A "Moderate" rating is an issue that may also cause operational issues and does not require immediate attention but should be addressed as soon as possible. Observations given a "Low" rating could escalate into operational issues but can be addressed through the normal course of conducting business.

The following is a summary of observations noted.

Ratings by Observation	Risk Rating
1. **Documentation of Segregation of Duties around Cash** – *We did not identify any instances of a lack of segregation of duties. However, we did note that there was no consistent, uniform documented procedures in place for each library.*	**Moderate**
2. **Onboarding/Training** – *There is no formal, documented process for the onboarding/training of new employees for their particular roles and responsibilities at the libraries except for one location.*	**Moderate**
3. **Department Procedures** – *There are various Department procedures that are past their review dates and others that have been updated, but have not been signed by the Library Services Director.*	**Low**

Background

Background

The Brevard County Library Services Department consists of 17 individual libraries located throughout Brevard County. In addition to the 17 libraries, the Library Services Department has a mobile library which is primarily used to reach the elderly and children.

1. Cape Canaveral Public Library
2. Catherine Schweinsberg Rood Central Library
3. Cocoa Beach Public Library
4. Eau Gallie Public Library
5. Franklin T. DeGroodt Public Library
6. Dr. Martin Luther King Jr. Public Library
7. Melbourne Public Library
8. Melbourne Beach Public Library
9. Merritt Island Public Library
10. Mims/ Scottsmoor Public Library
11. Palm Bay Public Library
12. Port St. John Public Library
13. Satellite Beach Public Library
14. South Mainland/Micco Public Library
15. Suntree/Viera Public Library
16. Titusville Public Library
17. West Melbourne Public Library

Background – continued

Library Services is located at the Central Brevard Library & Reference Center. Leases are in process for the River House to provide space for Space Coast Symphony Orchestra and Literacy for Adults.

Library Services fund balance is restricted for use by Library Services and may not be transferred to the General Fund. Additionally, Library Services does not receive any money from the General Fund.

Library Services receives the majority of its revenue (excluding balance forward) from the following three sources:

1. <u>Property taxes</u> – Library Services is a Special Tax District and may levy up to 1.0 mills per Chapter 72-480, Laws of Florida. Although the millage may not exceed 1.0 mills, the County Manager may recommend an adjustment to the millage rate for Library Services based on the needs of the Department. The final authority for adopting the millage rates, including Library Services' millage rate, rests with the Board of County Commissioners. Library Services also collects certain impact fees.

    The Brevard County Tax Collector collects the tax revenues on behalf of Library Services and distributes it to them after charging them a fee for their services. Library Services must also pay a fee to the Brevard County Property Appraiser for their services.

    Of the 17 Brevard County Libraries, the Merritt Island Public Library is the only one which is also an independent tax district pursuant to Chapter 2005-321, Laws of Florida. As such, they may issue up to an additional one-half of 1 mill for their own use. Although the library is also governed by Brevard County and receives their portion of the general Library Services property tax revenue, they also have their own 15 member board which is appointed by the Governor and is responsible for their additional tax funding. The additional tax revenue and the expenditures made using the additional tax revenue is not included in the budget or actual amounts recorded by Library Services.

2. <u>Fines & fees</u> – Section 70-2 of the Brevard County Code, entitled Fees and Charges, authorizes the Board of County Commissioners to adopt a schedule of fees and charges for overdue, damaged, or lost library media and other library services by resolution.

3. <u>Grant revenue</u> – Library Services also receives funding from the State of Florida through state aid grants.

Library Services also collects various miscellaneous revenues, including money from Friends of the Library organizations throughout the year.

Background – continued

Library Services has the following significant expenditure categories which are included in the select statistics of this report:

1. Compensation and benefits – Includes all regular and executive salaries and wages, overtime, annual/sick pay, severance pay, payroll taxes, retirement, health/life insurance and workers' compensation expenses.

2. Operating expenses – includes all the operating expenses: professional services, other contracted services, travel and per diem, communications and freight, utility services, rentals and leases insurance, repairs and maintenance (not included in capital outlay), printing and binding, promotional activities, other current charges, office supplies, operating supplies and books, publications, and members.

3. Capital Outlay – includes purchases of books, CDs, DVDs; and other capital outlay not included in capital renovations, improvements and equipment included in 4 below.

4. Capital Renovations, Improvements and Equipment - Includes building renovations, improvements and repairs >$35,000 and purchase of equipment >$1,000.

5. Transfers out (Transfers to the Property Appraiser and Tax Collector) – For services rendered as part of the property tax collection process.

Staffing

Key personnel from the Library Services that are involved in the operations and were interviewed as part of the internal audit, are as follows:

Name	Title
Wendi Bost	Library Services Director*
Jeri Prieth	Assistant Library Services Director
Laurie Blair	Finance Manager
Jeff Thompson	Former Library Services Director**

*She became the Library Services Director after fieldwork for the internal audit was completed and participated in the reporting process and exit conference.
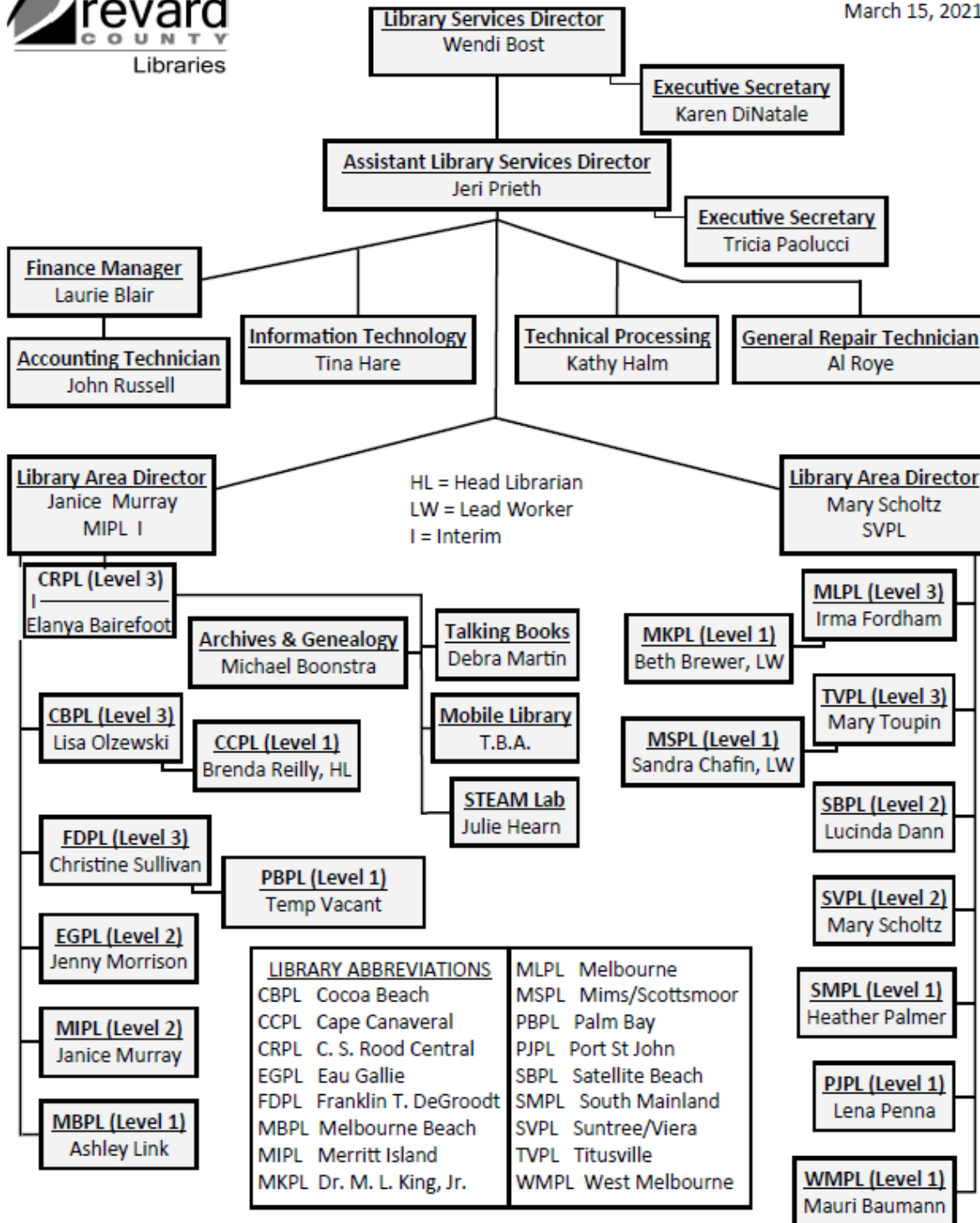
** He participated in the entrance conference meeting and various interviews prior to his retirement at the end of 12/31/2020.

Brevard County Library Services Department
Organization Chart
March 15, 2021

Brevard COUNTY Libraries

Library Services Director
Wendi Bost

Executive Secretary
Karen DiNatale

Assistant Library Services Director
Jeri Prieth

Executive Secretary
Tricia Paolucci

Finance Manager
Laurie Blair

Accounting Technician
John Russell

Information Technology
Tina Hare

Technical Processing
Kathy Halm

General Repair Technician
Al Roye

Library Area Director
Janice Murray
MIPL I

HL = Head Librarian
LW = Lead Worker
I = Interim

Library Area Director
Mary Scholtz
SVPL

CRPL (Level 3)
I
Elanya Bairefoot

Archives & Genealogy
Michael Boonstra

Talking Books
Debra Martin

MKPL (Level 1)
Beth Brewer, LW

MLPL (Level 3)
Irma Fordham

CBPL (Level 3)
Lisa Olzewski

CCPL (Level 1)
Brenda Reilly, HL

Mobile Library
T.B.A.

MSPL (Level 1)
Sandra Chafin, LW

TVPL (Level 3)
Mary Toupin

STEAM Lab
Julie Hearn

FDPL (Level 3)
Christine Sullivan

PBPL (Level 1)
Temp Vacant

SBPL (Level 2)
Lucinda Dann

SVPL (Level 2)
Mary Scholtz

EGPL (Level 2)
Jenny Morrison

SMPL (Level 1)
Heather Palmer

MIPL (Level 2)
Janice Murray

PJPL (Level 1)
Lena Penna

MBPL (Level 1)
Ashley Link

WMPL (Level 1)
Mauri Baumann

LIBRARY ABBREVIATIONS
CBPL Cocoa Beach
CCPL Cape Canaveral
CRPL C. S. Rood Central
EGPL Eau Gallie
FDPL Franklin T. DeGroodt
MBPL Melbourne Beach
MIPL Merritt Island
MKPL Dr. M. L. King, Jr.
MLPL Melbourne
MSPL Mims/Scottsmoor
PBPL Palm Bay
PJPL Port St John
SBPL Satellite Beach
SMPL South Mainland
SVPL Suntree/Viera
TVPL Titusville
WMPL West Melbourne

Background - continued

Included below are various accomplishments, initiatives, trends, issues and service level impacts (FY2019-2020; 2020-2021)

Library Services:
- Maintain and operate 17 libraries in Brevard County, providing collections of books and othermedia, meeting rooms, personal computers, Internet access, Wi-Fi, and study areas for public use

- Issue library cards to residents of Brevard County, and maintain records of patron accounts

- Provide reference and information services to people of all ages

- Provide programs to develop literacy in children, and for cultural enrichment of all patrons

- Provide an online catalog, allowing patrons to search our collections to find and reserve items

- Provide specialized services for the disabled and a mobile library service

- Provide genealogical resources and maintain an archive of Brevard County's history

Accomplishments
- 2.2 million visitors were served last year

- Youth Services rendered support over 190,000 times to children

- More than 3.5 million items were checked out, including over 470,000 e-books (a 21% increase over last year)

- Approximately 1,600 E-books and 25 e-magazines subscriptions added to the collection

- Provided over 6,400 educational programs for adults and children

- Community groups used library meeting rooms for 55,692 hours

- The Archives & Genealogy department provided research assistance to citizens, and supported the Historical Commission by storing, organizing, filing and digitizing records and artifacts

- The Talking Books department provided library services to over 2,000 disabled citizens

Initiatives:
- Adapted services to COVID-19 situation
  - Curbside holds pickup, telephone reference, personal protective equipment and the addition of Plexiglas partitions
  - Virtual programming & increase collections of e-books and e-magazines, and add media streaming service
  - Flexible scheduling and staffing with regard to work assignments.
  - Libraries served as pickup locations for PPE for local businesses, CARES Act applications for the general public and re-employment applications in multiple languages
  - Assembling to-go crafts for adults and children learning and discovery during COVID-19
  - Added high touch surface cleaning in libraries

Background - continued

Trends and Issues:

- Expect a continuing reduction in fines and fees collections, pushing some lower-priority capital projects into future years. Note: e-book check-outs are automatically returned, eliminating fines on those items, and e-book check-outs are an increasing area of growth

- Social distancing of library furnishings, especially at service desks and public computer areas. We moved and stored a large number furnishings in order to comply with social distancing

- Replace old fabric chairs with high quality plastic chairs that can be cleaned and sanitized

- Growing demand for e-services, the addition of which requires expanding internet bandwidth

- Based on recommendations from the last internal audit, library has made significant use of community volunteers to meet community needs. Volunteers significantly dropped during the time of COVID-19, and are only very slow to return

- Increased staff resignations, retirements and leave time usage. Of the thirteen library directors, five are in DROP

Service Level Impacts:

- Has seen and expects greater emphasis on digital services

- Reduction in library attendance and meeting room use with anticipated increases as pandemic rates decrease

- Continued high touch surface cleaning and PPE supplies for staff

- Due to a high number of vacancies, new employees will require training to meet customers' service needs

Source: Brevard County Proposed Operating and Capital Budget; [Initiatives, Trends and Issues, Service Level Impacts were updated by management as of April 16, 2021].

Background – continued

LIBRARY SERVICES DEPARTMENT
PERFORMANCE MEASURES

PROGRAM	OBJECTIVE	MEASURE	ACTUAL F Y 2018-2019	ESTIMATED F Y 2019-2020	PROJECTED F Y 2020-2021
Library Services	Monitor patron satisfaction with services provided at local libraries	Users Satisfied with Overall Library Experience	95%	96%	96%
Library Services	Track number of physical and digital loans of library materials system wide	Circulation	3,546,434	3,472,000	3,500,000
Library Services	Track number of eBook and eAudio book checkouts through OverDrive eLibrary	Digital Circulation	473,133	547,000	575,000
Library Services	Track number of patrons receiving services from Talking Books Sub-regional Library	Registered Talking Books Patrons	1,365	1,289	1,300
Library Services	Monitor downtime of system wide Integrated Library System and Internet services for staff and the public	Maximize Percent of Time Library Automation System and Internet Available	99%	95%	99%
Library Services	Track number of hours library staff attends live and online training	Training Hours Attended	4,788	2,790	3,000
Library Services	Track number of hours volunteers work at local libraries	Volunteer Hours	46,969	33,700	35,000
Library Services	Track number of Wi-Fi Sessions	Wi-Fi Usage	282,639	317,000	320,000
Library Services	Track number of online self-service renewals by patrons	Online Renewals	61%	67%	65%

[Source: Copied from the Brevard County Proposed Operating and Capital Budget].

Background - continued

LIBRARY SERVICES DEPARTMENT
FISCAL YEAR 2020-2021 CAPITAL OUTLAY SUMMARY

Program Name	Description	Quantity	Unit Cost	Funding Source	Total Cost
Library Services	Books, Media	Varies	Varies	Ad Valorem	$1,940,570
Library Services	Server-Class Computers	4	$2,500	Ad Valorem	$10,000
Library Services	Wi-Fi System Replacement	1	$50,000	Ad Valorem	$50,000
Library Services	Digitizer Machine	1	$10,000	Ad Valorem	$10,000
Library Services	Zebra Label Printer with Cutter	1	$6,000	Ad Valorem	$6,000
Library Services	Braille Embosser	1	$3,500	Ad Valorem	$3,500
Library Services	D V D Case	1	$2,300	Fines & Fees	$2,300
Library Services	Mobile Library Shelter	1	$35,000	Ad Valorem	$35,000
Library Services	Books, Media	Varies	Varies	Fines & Fees	$260,171
Library Services	Books, Media	Varies	Varies	Grant	$159,000
Library Services	Books, Media	Varies	Varies	Endowment	$377,306
Library Services	Library Furnishings	1	$2,000	Fines & Fees	$2,000
Library Services	Desk - Children's Area- Central Library	1	$10,000	Ad Valorem	$10,000
Library Services	Desk - Youth Services- Titusville Library	1	$15,000	Endowment	$15,000
Library Services	Computer Desk	1	$10,000	Endowment	$10,000
Total Funded For Department					**$2,890,847**

Special Note:

In accordance with Brevard County Board of County Commissioners' Policy BCC-24, Procurement, this form satisfies Directive III. E. 4., requiring a detailed list of approved capital outlay items and equipment to be reviewed and approved by the Board during the Budget process.

[Source: Copied from the Brevard County Proposed Operating and Capital Budget].

Background - continued

LIBRARY SERVICES DEPARTMENT
FISCAL YEAR 2020-2021 CAPITAL IMPROVEMENTS PROGRAM

Program Name	Description	Funding Source	Total Cost
Library Services	Melbourne Library Roof Replacement	Ad Valorem Taxes	$715,000
Library Services	Melbourne Library Exterior Paint	Ad Valorem Taxes	$50,000
Library Services	Eau Gallie Library H V A C Unit Replacement	Ad Valorem Taxes	$75,000
Library Services	Central Library H V A C Recommended Upgrades	Ad Valorem Taxes	$250,000
Library Services	Franklin T. Degroodt Entrance Door Replacement	Ad Valorem Taxes	$50,000
Library Services	Palm Bay Library H V A C Restoration	Ad Valorem Taxes	$300,000
Library Services	Port St. John Library H V A C System Restoration	Ad Valorem Taxes	$250,000
Library Services	Suntree Library H V A C Recommended Upgrades	Ad Valorem Taxes	$35,000
Library Services	West Melbourne Library AC Replacement	Ad Valorem Taxes	$300,000
Library Services	Various Libraries Mold Remediation	Ad Valorem Taxes	$200,000
Library Services	Various Libraries Plumbing Replacement	Ad Valorem Taxes	$200,000
Library Services	West Melbourne Library Parking Lot Replacement	Ad Valorem Taxes	$65,000
Library Services	Mims Library H V A C Remote Control System	Ad Valorem Taxes	$40,000
Library Services	Various Libraries Flooring Replacement	Ad Valorem Taxes	$912,874
Library Services	Various Libraries Restroom Replacement	Ad Valorem Taxes	$700,000
Library Services	Central Library Renovate Meeting Rooms #1 and #2	Ad Valorem Taxes	$150,000
Total Funded For Department			**$4,292,874**

[Source: Copied from the Brevard County Proposed Operating and Capital Budget].

Background – Select Financial Statistics

	FY 2020	FY 2019	Variance
Revenues			
Taxes, net	17,729,639	17,411,505	318,134
Intergovernmental - Grants	432,883	380,663	52,220
Charges for services	357	411	(54)
Fines and forfeitures	300,119	510,369	(210,250)
Miscellaneous revenues	562,907	447,310	115,597
Tranfers in	468,624	474,462	(5,838)
Total Revenues	19,494,529	19,224,720	269,809
Expenditures			
Compensation and benefits	10,173,272	10,433,796	(260,524)
Operating expense	3,689,021	3,749,379	(60,358)
Capital outlay	1,905,490	1,484,663	420,827
Capital renovations	3,297,295	1,120,625	2,176,670
Transfers out	1,117,021	1,239,256	(122,235)
Total Expenditures	20,182,099	18,027,719	2,154,380
Balance Forward	10,211,823	9,014,822	1,197,001
Revenue and Balance Forward over (under) Expenditures	9,524,253	10,211,823	(687,570)

Source: County's Financial Software, SAP.

See management analysis/explanations of variances over $100K on subsequent page.

Background – Select Statistics (Unaudited)

Item	Explanation
Revenues:	
Taxes, net - increase	An increase in new construction in Brevard County has led to the collection of increased taxes.
Fines and forfeitures - decrease	Fines and forfeitures revenues have been declining over the last 10 years prior to the pandemic in 2020. During the pandemic, fines were suspended and library attendance was greatly reduced, contributing to an even larger decrease in collections.
Miscellaneous - increase	Revenue streams in this category include interest, donations, insurance reimbursements and federal e-rate, which vary from year to year depending on market conditions and accident events. The biggest variance was the federal e-rate, in which, due to the timing of the receipt of funds, two years of funds were received in FY 2020.
Expenses:	
Compensation & Benefits - decrease	Compensation and Benefits costs are dependent upon insurance rates, cost of living increases and vacancy rates. Due to the pandemic, there were higher than normal vacancy rates.
Capital Outlay - increase	Assets over $1,000 are considered Capital Outlay. The need for new equipment varies each year depending on the amount and types of equipment needed.
Capital Renovations - increase	Capital renovation projects are scheduled in alignment with available resources. Projects are often initiated in one year and completed in the next.
Transfers out - decrease	The final debt payment for the Sales Tax Refunding & Improvement Revenue Bonds, Series 2010 was made in FY 2018-19. The County Energy Performance Contract Debt repayment was also refinanced in FY 2019-2020.

Objectives and Approach

Objectives and Approach

Objectives

The objectives of this internal audit included the following:

- Assess the design of key operational and financial processes.

- Identify any process or internal control gaps.

- Assess compliance with applicable laws, rules, Department procedures, and other County policies and procedures.

Approach

Our internal audit approach consisted of three phases:

Understanding and Documentation of the Process

During the first phase, we held an entrance conference with key personnel involved with the Library Services Department to discuss the scope and objectives of the internal audit work, obtain preliminary data, and establish working arrangements. We reviewed the Departments procedures, Florida Statutes, administrative orders, County policies/procedures and other relevant resources. We gained an understanding and documented the processes identified in the objectives above. We conducted interviews with management and staff and documented their respective roles in the processes. We updated our understanding of the processes and relevant controls.

Detailed Testing

The purpose of this phase was performance of testing procedures based on our understanding of the processes to meet the objectives stated above. Our detailed procedures included inquiry, walkthrough and testing of individual transactions for the significant areas listed below for the period of March 1, 2020 through February 28, 2021.

- Compliance/Controls - cash handling process, reconciliations, segregation of duties, use of purchasing cards.

- Operational – monthly reporting, employee training, capital improvement plan / capital renovations.

- General Compliance – with County policies, Statutes, local ordinances, administrative orders, Department policies and procedures.

Reporting

At the conclusion of our procedures, we documented our understanding of the Department key processes identified in the objectives and summarized our observations. We conducted an exit conference with management and have incorporated management's responses into our report. We prepared our report and related observations and provided copies to appropriate County personnel.

Observations Matrix

Rating	Observation	Recommended Action	Management Response
Moderate	**1. *Documentation of Segregation of Duties around Cash***		
	During our observation, inquiry and detailed testing of the cash receipts process for the period of March 1, 2020 through February 28, 2021, we did not identify any instances of a lack of segregation of duties. However, we did note that there was no consistent, uniform documented procedures in place for each library.	We recommend that management put in place a uniform, documented cash receipts process that includes: dual counting, depositing, recording and reconciling of cash for each location.	**Response:** Uniform cash procedures will be implemented at the libraries. The policies and procedures will include segregation of duties and documentation of the dual counting of the daily cash receipts. **Responsible party:** Finance Manager **Estimated completion date:** June 2021

Rating	Observation	Recommended Action	Management Response
Moderate	**2. Onboarding/Training**		
	There is no formal, documented process for the onboarding/training of new employees for their particular roles and responsibilities at the libraries except for one location. This one location uses a detailed, step by step "New Hire Checklist." The new hire is to review, check off the steps as completed, sign, date and return to the secretary/administrator.	We recommend that management utilize the "New Hire checklist" (modifying as needed) for all of the libraries to document new employee onboarding/ training as evidence that each new hire receives the proper onboarding /training required for their respective positions in a timely manner.	**Response:** A New Hire Checklist is being developed and will be implemented to onboard staff. This checklist is designed to ensure staff training in a timely fashion. Supervisors and staff will sign off on this document. **Responsible party:** Library Services Director, Assistant Library Services Director **Estimated completion date:** September 2021

Rating	Observation	Recommended Action	Management Response
Low	**3. *Department Procedures***		
	There are various Department procedures that are past their review dates and others that have been updated, but have not been signed by the Library Services Director.	We recommend that Library Services management review and update the Department procedures as applicable. Then, the Library Services Director should date and sign the procedures accordingly.	**Response:** The Library Services Director, in conjunction with a team of Directors, will review and update the Department procedures as applicable. The Library Services Director will then date and sign procedures and make sure updated procedures are shared with all staff. **Responsible party:** Library Services Director **Estimated completion date:** January 2022