Trumbull Library System Review

Town of Trumbull

September 28, 2023

<u>Office of Internal Audit</u>

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Executive Summary

The Trumbull Library System (TLS) consists of the Trumbull Main Library and Fairchild-Nichols Memorial Library serving the educational, cultural, business, and program needs of the Town's diverse community through its Collection. By creating a welcoming environment, the TLS provides free and open access to materials and resources that meet the needs of the Trumbull community inspiring lifelong learning and engaging the community through innovative library programs and services.

The Town's General Fund provides funding for the TLS operating budget and the Library held funds, Lost Book special revenue account (SRA) and CT Library Systems (Borrow-IT), help defray some of the Collections costs. Contributions from various Library held trusts and donations from the Friends of Trumbull Library contribute to expenditures overseen by the Library Board of Trustees

The focus of this audit was to assess the design of key operational and financial processes, review and identify any process or internal control gaps, and assess compliance of the Town's established policies and procedures.

Internal Audit (IA) conducted this audit for the periods covering fiscal years 2022 and 2023.

Internal Audit (IA) identified the following areas for improvement:

- Staffing shortage affects the departmental internal controls related to segregation of duties.
- SRA and Borrow-IT had year-end expenditures FY 2022 & 2023 that were not properly recorded to the correct fiscal year.
- The library software system reports are unreliable requiring manual balancing of the circulation desk drawers.
- PayPal transaction reports are not reconciled to the Town's cash receipts account and voided transactions to the Library Patron's account activity.
- Cash Receipts were not in compliance with the Town's Cash Handling Policy.
- SRA account reconciliations were not in compliance with Town policy.

I would like to express my appreciation to the Library Director, Assistant Library Director, and Finance staff for their time, assistance, and cooperation during the audit. Their contributions were essential to the success of this audit.

Authorization

Internal Audit (IA) conducted this audit under the authority of Chapter VII, Section 1C of the Town of Trumbull Charter and in accordance with the Annual Audit Plan approved by the Town of Trumbull Board of Finance.

Background

The Trumbull Library System (TLS) consists of the Main Library and the Fairchild-Nichols Memorial Library serving the diverse Trumbull community. The Trumbull Library Board of Trustees is an appointed body entrusted with the task of developing and setting Library policy, as established in chapter VII, section 4 of the Town Charter.

The Trumbull Library System provides nearly 5,000 hours of services, 52 weeks a year, including Sunday hours, to more than 17,500 registered resident library users and 2,400 plus ConnecTiCarD users.

The TLS general fund budget has 11 full-time and 28 part-time/per diem staff allocated -there are currently 2 full-time vacancies. The TLS is funded by the General Fund with some costs defrayed by the Library Held Funds - Lost Book SRA and the Borrow-IT. The Library Board of Trustee held funds include the Friends of the Trumbull Library and various Trust held from donations/contributions to be used per stipulation for programs and/or book purchases.

The Friends of the Trumbull Library (The Friends) was created cir 1970 to raise funds for a new library and recently reorganized itself with new leadership. The Friends continuous fundraising efforts provide funding for additions to the library's book collection, periodicals, media, and for special library programs, including the children's summer reading program and town-wide book events not covered in the Town budget.

The Fairchild-Nichols Memorial Library Association has a long-standing agreement with the Town of Trumbull. The Association does not run the Fairchild Library. It owns, maintains, and improves the building and at times allocates funds for books and special events. The Town of Trumbull operates a library in the Association's building and manages the day-to-day operations and related costs. The library policies are determined by the Trumbull Library System. The Association funds the Branch Manager's salary and the General Fund provides for PT Staff salaries.

Statistical data obtained from the CT State Library Division of Library Development indicates in **FY2022**:

- Trumbull Library System's total annual count was **122,364 people visited** the library.
- The total TLS **Circulation of Physical items** was **288,119 and electronic downloadable circulation items** was **54,043**.
- TLS responded to a combined **8,686 Reference Transactions**, excluding general questions or assistance with computer/printing/copies.
- There were **5,216 (1 hr.) combined internet Sessions** on the TLS' 24 internet accessible computers provided to the public for use in the library.
- The TLS **borrowed 1,196** Collections material directly from another library and **loaned 949** to another.

The Trumbull Library System's vast Collection

Physical Collections	2022	2021	2020
Adult Print Books	64,187	69,580	71,535
Teens & Young Adult Print Books	7,712	7,001	6,461
Juvenile Print Books	60,786	60,815	62,839
Audio - physical items (e.g. books on CD or audiocassette, music on CD, etc.)	10,495	10,286	8,299
Video - physical items (e.g. DVDs, videocassettes)	11,333	11,186	10,949
All other physical library materials not included above (such as wi-fi hotspots, video games, etc.)	247	189	50
Subtotal Print Items	132,685	137,396	140,835
Subtotal Non-Print items	22,075	21,661	19,298
Grand Total Physical Items	**154,760**	**159,057**	**160,133**

*Source: 2021-2022 Connecticut Public Library Survey – CT State Library

Trumbull Library System's Programs and Attendance

Consolidated Programs & Attendance	2022		2021		2020	
	# of Programs	**Attendance**	**# of Programs**	**Attendance**	**# of Programs**	**Attendance**
In-Person Onsite Programs	656	6,824	0	0	694	11947
Total # In-Person Offsite Programs	0	0	0	0	0	0
Total # Live Virtual Programs	101	828	394	5520	68	803
Total Programs	**757**	**7,652**	**394**	**5,520**	**762**	**12,750**

Programs & Attendance by Age group	2022	
	# of Programs	**Attendance**
Children Ages 0-5	275	3383
Children Ages 6-11	100	1131
Teens & Young Adult Ages 12-18	73	395
Adult Ages 19+	196	1514
Other Programs (family or general audience)	113	1229

*Source: 2021-2022 Connecticut Public Library Survey – CT State Library

The TLS and Fairchild's integrated library system, SirsiDynix Horizon, keeps Circulation usage data and availability of the library collections, records Patron usage and check-in/out dates for materials, and provides the Patron fee balances as applicable. Each library Collections item has a Barcode linked to the Horizon software system to record transactions related to the item. Patrons can access their account online and make payments in person or online for lost books and fees. Collections loan periods and lost book fees and fines are posted the TLS webpage for Patron reference – **Appendix A**. Cassie system allows Patron use of the library's computers and to pay for printed documents. Patrons making copies pay on the Vending machine attached/linked to the copier for public use.

The library fees and the Meeting Room fees (**Appendix B**) collected are deposited to the Lost Book SRA to help defray the cost of program expenses. The CT Library System funds the Borrow IT account annually based on the net plus book loan transactions with other participating Libraries throughout the State. The Library Held Fund donations are deposited to the applicable Library held Trust account and expenditures are overseen by the Library Board of Trustees.

The library has a security alarm for the Main library building. There is a locked safe in the office for safeguarding cash receipts– the office has a camera facing the safe. Cash drawers are locked overnight at the main circulation desk – there is a 360◦ camera in front of the main desk and a camera behind the desk.

The Fairchild-Nichols Memorial Library building maintained by its Association and only has a fire alarm system. The Town does provide security cameras, but no security alarm for the building. There is a security camera facing the second floor Circulation desk.

Objective

The objective of the Town's Library System audit was to:
- assess the design of key operational and financial processes,
- review and identify any process or internal control gaps, and
- assess compliance of the Town's established policies and procedures.

Scope and Methodology

In accordance with the goals set forth in the Town's Annual Audit Plan, IA conducted an audit of the Town of Trumbull's Library System. The audit was conducted in conformance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The standards require that IA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IA believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

The scope of the audit was for the **Fiscal years 2022 & 2023** periods covering July 1, 2021 to June 30, 2023.

The audit methodologies presented in Table 1 below were to assess the reliability of the department's design and internal controls and verify departmental processes are following the Town of Trumbull's established policies and procedures.

Table 1 – Audit Methodologies

Methodology	Source
Interviews	Interviews were conducted with Library directors and various staff to gain and understanding of the department's processes and needs related to the Library system design and internal controls. The Circulation desk staff was observed conducting their daily duties to verify who has access to the funds, obtain an understanding of the department's cash handling process, and assess compliance with current cash handling policy.
Cash Drawer Balancing	The library shift closing and cash drawer balancing was observed for completeness, accuracy, and the cash collected was properly safeguarded, recorded, and that the segregation of duties was evident.
Documentation Review	Verified monthly journal entries and SRA expense reports for completeness, accuracy, timely, support documentation is evident, and that they are reviewed and authorized by the Finance department.
File Review	Town and Library held funds, revenues, expenses, and bank statements were reviewed to verify bank balance agrees to the Finance system and that reconciliation are conducted in compliance with applicable policies and procedures.
Transaction Data Analysis	SRA and Borrow-IT account expenditures related documents were analyzed to determine the transactions are allowable, authorized and processed/recorded in the proper accounting period.

Opportunities for Improvement

During the audit, IA identified certain areas for improvement. The audit was not designed or intended to be a detailed study of every transaction, procedure, or relevant system. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

Observations

IA conducted a walkthrough of the Trumbull Main Library and Fairchild Library. Operationally, the Trumbull Library system Circulation desk processes seemed efficient, and the staff were observed providing assistance to the Library Patrons in a gracious and professional manner. Several of the Library staff were interviewed regarding their job duties and satisfaction. Although IA noted there may be a need for a review of their roles and responsibilities to meet the staff's personal job goals and potential growth with the Trumbull Library System, IA did not note a significant dissatisfaction with their job and/or Management's leadership.

The auditor noted that the Assistant Library Director's workload at times required over-time work due to staffing shortages. The Assistant Director oversaw many of the Operational duties that would have been completed by several of the library's vacant position, including the financial day to day duties and daily balancing of the Circulation Desk cash drawer. The department does not budget for a bookkeeper or financial assistant and has experienced staff shortages for nearly 2 years. The department has struggled to fill existing positions due to a lack of qualified candidates and in the past year has only been able to fill the part-time vacancies. There are still 2 full time vacancies to be filled. As a result, the Library Director and Assistant Library Director oversee and/or conduct most of the responsibilities related to the Administrative, Operational, and financial duties.

Observation #1: Staffing shortage have prevented the delegation and segregation of key financial duties as such increases the risk of missing essential deadlines and the rush to finish work may reduce overall quality of work. The segregation of duties overseen by the Assistant Library Director will allow for reinforced and stronger internal controls.

Recommendation: Consider adding a bookkeeper or financial assistant position, reporting to the Assistant Library Director, to the General Fund Budget. In the meantime, if feasible, delegate some of the responsibilities to the Administrative Support or a qualified Senior staff. Additionally, clear and concise departmental policies and procedures should be documented to ensure the processes are implemented once the work has been delegated.

Management Response: Management concurs with the finding and has recently considering delegating work to the Administrative Support staff. Management will investigate the feasibility of the matter to avoid union issues that may arise as a result of this recommendation.

TLS Expenditures are funded by the General fund budget and the Library Held funds (SRA & Borrow IT accounts). The Town's procurement process is followed for TLS expenditures and approved vendor payments are processed through the Town's finance department. The program expense account balance carries over year to year – a rolling balance.

The Library Board of Trustees oversee the library held funds. Vendor payments made from the library held checking accounts are presented to the Board during their monthly meeting. The Board authorizes payments and checks are signed by the Treasurer and/or Board designee.

The Assistant Library Director creates and enters a quarterly journal entry in the Munis system. The related trial balance and journal entries are reviewed by the Assistant Finance Director, as evident by his

signoff on the support documents. The Library Director reports the TLS financial position to the Library Board of Trustees during their monthly Board meeting.

IA conducted an analysis of the Lost Book SRA and the State Library (Borrow-IT) accounts and their related revenues and expenditures to ensure compliance, completeness, timeliness, and authorization. **The Borrow-IT** revenue, from the CT State Library payment for net plus book loan transactions, has restrictions reviewed for compliance. **The State mandates *NO portion shall revert to the General fund of the Town***. The Borrow-IT funds are used to pay the Digital Collection contract fees not funded by the General Fund. IA noted the SRA and State cash receipts were properly recorded and expenditure payments were paid in accordance with their respective stipulations and the Department Manager and Finance's approval of expenditures was evident. However, a sample selection of 12 invoices from the Borrow-IT and Lost Book program expense accounts resulted in,

Observation #2:   There were 2 invoices recorded in the incorrect accounting period. The Finance department should have recorded the invoices in the proper Fiscal year:
- A $2,358 Borrow-IT account invoice for FY2022 was charged to the FY2023 budget.
- A $398 SRA account invoice for FY2024 was charged to the wrong period – it was applied to FY2023.

Recommendation: Accounts with rolling balances from year to year should be scrutinized at year end per GAAP guidelines and standards to ensure transactions are recorded in the proper accounting period.

Management Response: Management concurs the invoices were applied incorrectly. These accounts are continuous rolling accounts resulting in the FY 2022 charge to be absorbed in the following fiscal year, though it is acknowledged to be incorrect. The FY 2024 expenditure will be corrected per the Assistant Finance Director. Library Management will conduct a diligent review of FYE expenditures and advise Finance when submitting invoices that may overlap to the following fiscal year.

IA conducted a fieldwork observation of the circulation desks to verify consistency among the circulation desk processes when handling cash receipts attributed to fines/fee collections and ensure the cash & cash drawers are secured overnight.

Library card holders (patron) return books/videos/magazines to the circulation desk or drop box located on the outside the library building- each item has a barcode linked to the Horizon library software system. When items are returned, the library staff check-in the item by scanning the barcode. The Horizon system records the check-in/out date to each patron's account. When books are returned after the expiration date, the Horizon system records the applicable late fee. When a patron checks out an item, the Horizon system shows the patron's account activity and any outstanding fees on their account. The staff inform the patrons if there are any outstanding fee. Patrons can make a cash/check payment in person or online via PayPal using a debit/credit card. Patrons can still check out items if the outstanding fee is less than $10. Payments are recorded to the patron's account and updated in real time. The circulation desk staff print a receipt that is placed in the cash drawer after each transaction is completed. Each desk is always covered by at least one person. The cash drawer transactions are aggregate for all shifts in the day.

At the end of the day/night, the information desk and children's library desk cash drawers are taken to the main circulation desk. The Library Director and/or the Assistant Director count and lock the cash

drawers at the Main library circulation desk and the cash collected is placed in the office safe– **security cameras are visible in front and back of desk or safe.** IA verified the monies are secured in the office safe until the bank deposit is made a couple times a month.

Every morning the Director or Asst. Director reconciles the printed transaction/sales receipts and the Cassie transactions tally sheet to the cash collected from each cash drawer. The cash drawer is manually balanced by counting the cash in the drawers and reconciling the total to the printed receipts placed in the drawers by the staff. The payments are recorded on an Excel spreadsheet for each day.

The Horizon system electronic report is not printed/used to balance the cash drawer. The 2006 Cassie System used for printing document has inaccurate recording issues related to printing fees, i.e., double charge when a single page is actually printed. IA sampled 2 months of both systems transaction/sales reports and compared them to the receipts in the drawer and found a combine variance under $100 each month for both systems.

Observation #3: Management does not run, nor rely on, the Horizon and Cassie electronic transaction reports to reconcile the daily cash drawer to the transaction receipts and cash on hand. Additionally, there is the potential risk of not knowing if ALL cash and corresponding sales receipts are placed in the cash drawer.

Recommendation: 1) The inability to get reliable data from both systems is a concerning control weakness that should be addressed with both System's support services to achieve a reliable technical FIX regarding the reconciling/report issues.
2) Consideration should be taken to either replace or upgrade the Cassie system to a recent version in an effort to eliminate the manual record keeping and ensure the daily transactions are properly recorded and strengthen the cash receipt's current internal control weakness.

Management Response: Management has begun to conduct further analysis of the Horizon system's electronic report to see causes related to the report variance. Additionally, the Library Director is currently working on a project to upgrade the Cassie system.

IA obtained and reviewed the online credit card payment documentation from the merchant PayPal system and the bank credit card notifications sent to Finance. The PayPal report contains the Patron stats, amount paid, and voided transactions, where applicable. The Bank sends Finance daily notifications of the Patron online credit card payments. Finance sends the department a copy of the bank's credit card payment notification and records the payment and related credit card charges to the Lost Books SRA. IA noted the bank notifications agreed to the amount recorded in the Munis system, but there was no additional process to regarding the accuracy of the Patron's account balance – the department does not print the monthly PayPal transactions as a matter of course.

Observation #4:   The Department does not complete a three-way matching and reconciliation of the credit card merchant, PayPal, to the Patron Library record and the Finance cash receipts in the Munis system. If not reconciled, there is the potential that a Patron voids a transaction via PayPal and the void does not get recorded on the Patron's Horizon account.

Recommendation: The department should create, document, and implement a policy and procedure to conduct monthly reconciliation of the PayPal transaction report to the Patron account balance and the Munis credit card cash receipt recorded from the Bank notifications.

Management Response: Management agrees that there has been no process to reconcile the credit card account other than rely on the notifications provided by Finance. Management will develop a credit card reconciliation policy and procedure.

IA initially conducted a walkthrough of the TLS cash receipts deposits in early Fall 2022, then returned in July of 2023 to continue the postponed audit of the library system. IA reviewed a FY2022 and FY2023 sample selection of the TLS cash receipts deposits to ensure completeness, accuracy, timeliness, and compliance with the Town's established cash handling policy. The Department cash receipts for both the Main and the Fairchild libraries in the past were deposited in the bank once a month.

The SRA and Borrow-IT cash receipts are deposited to a separate bank account. The Library Held Trust funds are deposited in their respective Bank CD account. IA reviewed the bank Statement balances to the corresponding Munis Revenue account – no discrepancies were noted. The Department completes the account bank reconciliation as evident in the department records – no discrepancies noted. The reconciliation of the SRA program expense account was not evident.

Observation #5: Cash receipt deposits are not in compliance with the Town's Cash Handling policy:
- 10 of the Main Library bank deposits were over the 7 day or $500 threshold, ranging from 10 to over 30 days after received.
- 1 check was returned by the bank as nonsufficient fund (NSF) due to timeliness of deposit – over 3 weeks.

Recommendation: The Department should ensure compliance with the Town's cash handling policy and make the deposits on a regular basis no less than once per week.

Management Response: Staffing shortages, MTB bank transition, and low dollar cash deposits were some of the reasons the deposits were held. The Fairchild library's monthly deposits are in general less than $100. Management was made aware of the importance of safeguarding the Town's cash receipts and has implemented making deposits on a regular basis for the Main Library deposits per Town policy.

Corrective Action Taken: Since the initial walkthrough, IA noted that the Assistant Library Director has implemented the Town's cash handling policy for the Main Library as was evident in the FY 2023 bank deposits.

Observation #6: SRA and Borrow-IT program expense account reconciliations were not completed in compliance with the Town's SRA policy.

Recommendation: 1) Department should complete the SRA program expense account reconciliations on a quarterly basis and submit a copy with the related support documentation to Finance for review.
2) Finance should provide Town wide training to all staff responsible for their respective department's SRA/Financial duties.

Management Response: Management was not aware of this policy and will reach out to Finance for guidance on SRA and Borrow-IT quarterly program expense account reconciliation.

Appendix
Appendix A

Collections, Loan Periods, Fees & Fines

Collections	Loan Period	Fines
Popular DVDs	**7 Days with holds & renewals allowed**	$1.00 per day late
Museum Passes	2 Days	$5.00 per day late
Express Books	7 Days	$**.15 per day late**
Children's Launchpad	7 Days	$5.00 per day late
Killawatt Meter	7 Days	$5.00 per day late
Children's DVDs, Information DVDs & TV series	**14 Days**	$1.00 per day late
Magazines	**21 Days**	$.15 per day late
New Book Titles	14 Days	$.15 per day late
Audiobooks on CD, Playaway or MP3	21 Days	$.15 per day late
Fiction & Non-Fiction Books	21 Days	$.15 per day late
Music on CD	21 Days	$.15 per day late
Young Adult Fiction & Non-Fiction	21 Days	$.15 per day late
Graphic Novels	21 Days	$.15 per day late
Young Adult Audiobooks on CD or Playaway	21 Days	$.15 per day late
Children's Fiction & Non-Fiction	21 Days	$.15 per day late
Children's Picture Books	21 Days	$.15 per day late
Children's Board Books	21 Days	$.15 per day late
Children's Audiobooks on CD, Playaway or Wonderbook	21 Days	$.15 per day late
Reference Sources	In Library Use Only	

Fees:
Replacement cost for CD or DVD in series: $10.00 per disc
Replacement cost for broken CD or DVD case: $1.00
Lost Library Card: $1.00
Photocopies: $.15 per page B&W only
Computer Printing: $.15 per page (B&W), $.50 (Color)

***** Replacement costs, fee & fines are non-refundable. You will be charged the replacement costs for any item you lost or damage. ****

Appendix B

Meeting Room Fee Schedule

Effective July 1, 2017

The available meeting rooms and their maximum capacities are:
Main Library: Community Room (Hawley-Nichols) - 144, Kiwanis Room - 20, Merwin Room - 40
Fairchild-Nichols Memorial Library Community Room - 50

Library-sponsored and Town of Trumbull sponsored events and programs incur no charge.

The fees for non-profit and for-profit organizations are as follows:

SERVICE CHARGES

SERVICE	For-Profit, Non-Profit
Set-up	$25
Electronics Equipment Use	$10
Before/After Hours (if incurred)	Room Rate

ROOM RATES

SERVICE	For-PROFIT	Non-PROFIT
Community Room (Hawley-Nichols)	$70 per hour	$20 per hour
Kiwanis Room	$30 per hour	$15 per hour
Merwin Room	$40 per hour	$20 per hour
Community Room (Fairchild-Nichols)	$40 per hour	$20 per hour

EQUIPMENT AVAILABILITY – HAWLEY-NICHOLS COMMUNITY ROOM (upon request)

ELECTRONIC EQUIPMENT (for charge)

LCD projector - for laptop or by special arrangement, with internet access

Microphone and sound system

VCR/DVD player

OTHER EQUIPMENT (without charge)

Kitchen (dishwasher, microwave, refrigerator, sink, stove, coffee pots)

Piano (in-tune, as is)

Podium

Projection screen

Six-foot tables

Chairs (150 available)

Please take notice of the Library hours cited below to ensure the proper scheduling of your meeting.
(By pre-arrangement with the Director, meetings may extend beyond Library hours in the Hawley-Nichols room at the posted hourly rate. The supplemental before/after hours charge will be imposed for meetings held in the other rooms when they extend beyond Library hours.)

Main Library Hours:

Monday-Thursday	9 a.m. - 8 p.m.
Friday-Saturday	9 a.m. - 5 p.m.
Sunday (Sept.-May)	1 p.m. - 5 p.m.

Fairchild-Nichols Memorial Library Hours:

Monday & Wednesday	10 a.m. - 8 p.m.
Tuesday & Thursday	10 a.m. - 5 p.m.
Saturday	10 a.m. - 2 p.m.

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Reviewed and Updated by the Trumbull Library Board of Trustees - May 10, 2017