DIVISION OF INSPECTOR GENERAL
Ken Burke, CPA
Clerk of the Circuit Court and Comptroller
Pinellas County, Florida

AUDIT OF PINELLAS PUBLIC LIBRARY COOPERATIVE OPERATIONS AND INTERNAL CONTROLS

PPLC

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REPORT NO. 2018-33
DECEMBER 27, 2018

Ken Burke, CPA
CLERK OF THE CIRCUIT COURT AND COMPTROLLER
PINELLAS COUNTY, FLORIDA

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December 27, 2018

The Honorable Chairman and Members of the Board of County Commissioners

We have conducted an audit of the Pinellas Public Library Cooperative Operations and Internal Controls per management request.

Opportunities for Improvement are presented in this report.

We appreciate the cooperation shown by the staff of the Pinellas Public Library Cooperative during the course of this review. We commend management for their responses to our recommendations.

Respectfully Submitted,

Hector Collazo Jr.
Inspector General/Chief Audit Executive

Approved:

Ken Burke, CPA*
Clerk of the Circuit Court and Comptroller
Ex Officio County Auditor
*Regulated by the State of Florida

cc: Honorable Chairman and Members of the Pinellas Public Library Cooperative Board
Barry Burton, County Administrator
Cheryl Morales, Pinellas Public Library Cooperative Director

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Abbreviations

AAA	American Automobile Association
BCC	Board of County Commissioners
BEBR	University of Florida's Bureau of Economic and Business Research
Board	PPLC Board
BTS	Business Technology Services
CPA	Certified Public Accountant
DLC	Deaf Literacy Center
ELC	Early Learning Coalition
Foundation	Barbara Bush Foundation
FY	Fiscal Year (October 1–September 30)
GIS	Geographical Information System
ILS	Integrated Library System
IPS	Investment Policy Statement
IRS	Internal Revenue Service
LDAC	Library Directors Advisory Council
OFI	Opportunity For Improvement
PAO	Property Appraiser's Office
PPLC	Pinellas Public Library Cooperative
SirsiDynix	Integrated Library System Software
TBL	Talking Book Library
TC	Tax Collector

Executive Summary

At the request of Management, we conducted an audit of the Pinellas Public Library Cooperative (PPLC). The objectives of the audit were to:

1. Determine compliance with the Florida Statutes and the 2013 Interlocal Agreement.
2. Evaluate internal controls over revenue and expenditure transactions.
3. Evaluate the adequacy of technology processes.
4. Evaluate the adequacy of asset management and maintenance.
5. Determine if grants and contract compliance and monitoring are adequate.

The following are the key findings noted:

The PPLC does not have sufficient controls in place to ensure the accuracy and integrity of the patron address data. In addition, there are no policies and procedures for the operation, use, and administration of the SirsiDynix Integrated Library System (ILS) software.

The PPLC's compliance with the Florida Statutes and the Interlocal Agreement requires improvement in that the PPLC Board (Board) does not earn interest on one PPLC checking account, does not distribute annual reports, and does not abide by the Pinellas County (County) investment policy. The Investment Policy Statement (IPS) does not provide sufficient information regarding proposed allocations to allow for an informed decision. In addition, the Bylaws and the Interlocal Agreement contain contradictory information regarding the PPLC investment policy.

The Board does not dedicate a sufficient amount of time to fulfill its obligations. The Articles of Incorporation, the Interlocal Agreement, and the Bylaws contain conflicting information related to the number of PPLC Board members. In addition, the Interlocal Agreement does not provide a method to remove non-compliant members.

The PPLC controls over revenue and expenditure transactions are adequate, except for the lack of an independent verification of the vendor payment checks. In addition, the PPLC Executive Director’s purchase of a PPLC owned car, although with the approval of the Board Chairman, might have created a perception of a conflict of interest.

Except as noted in the report, our review determined the operations and internal controls over the PPLC are sufficient. Our report contains 14 opportunities for improvement.

Background

The PPLC is a non-profit organization that facilitates cooperation, collaboration, and sharing of resources, programs, services, and expertise among its member libraries. The PPLC is the first Library Cooperative formed in the state of Florida in 1989. It was founded through an Interlocal Agreement between the Board of County Commissioners (BCC) and municipalities with public libraries. The PPLC primary functions are:

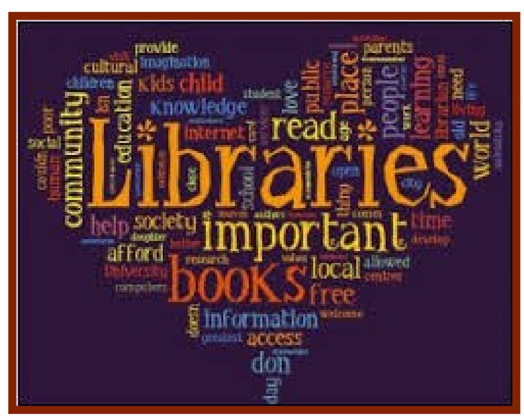
1. To receive and disburse funds from federal, state, and local sources.
2. To maintain a shared library automation system serving Member libraries.
3. To maintain a shared materials delivery system serving Member libraries.
4. Where agreed by individual member libraries for the most efficient use of fiscal resources, to assist member libraries in the collective purchase of library resources and services.

The PPLC administrative office provides coordination of activities and funding as well as marketing services for the following 14 member libraries:

PPLC Member Libraries	
Clearwater Public Library System	Oldsmar Library
Barbara S. Ponce Public Library	Palm Harbor Library
Dunedin Library	Safety Harbor Library
East Lake Community Library	Seminole Community Library
Gulf Beaches Library	St. Pete Beach Library
Gulfport Library	St. Petersburg Library System
Largo Library	Tarpon Springs Library

Each member library provides access to information, materials, and programs for the enrichment of individual and community life including:

- Books, CDs, DVDs, games, kits, etc.
- Downloadable audio books, eBooks, magazines, and movies
- Online databases including languages and genealogy
- Deaf Literacy Services and Sign Language classes
- Library service for the Blind and Physically Handicapped
- English for Speakers of Other Languages, conversational classes to develop English language skills for speakers of other languages, literacy classes, and individual tutoring
- Innovative programs for people of all ages and abilities



- Countywide online catalog with universal book return services
- "Friends" Groups and volunteer opportunities
- Interlibrary loans
- Book discussion and writer's groups
- Reference assistance and reader's advisory
- Story hours and early learning activities
- Internet access

The PPLC allows member libraries to share programs, resources, and talents. Library directors meet monthly and share committee work, planning work, and concerns. The ability of the PPLC to fund core services, such as the automation system, courier delivery, and electronic resources, enhances the quality of library services countywide and allows libraries to leverage their local dollars to their best possible use. The availability of County funds has assisted libraries in expanding access to unincorporated areas' residents through facilities and by adding library staff benefiting library users countywide.

Mission Statement

The PPLC facilitates a common library experience across the County while preserving the unique attributes of individual libraries.

Vision Statement

The PPLC connects communities.

Goals

Partnerships:	Develop mutually beneficial partnerships.
Advocacy:	Develop and communicate an annual legislative agenda.
Funding:	Seek all types of funding sources (e.g., local, state, and federal; private).
Marketing:	Develop an annual marketing plan that would encompass national, state, and other campaigns.
Centralization/ Resource Sharing:	Facilitate centralized services and resource sharing.

Governance

PPLC Board of Directors

The PPLC Board (Board) consists of nine voting members and one ex-officio non-voting as follows:

- Four members should be the City Administrator of the City of St. Petersburg and the City Managers of Clearwater, Largo, and Pinellas Park, or their senior management designees.
- Three members should be County senior management employees, representing Pinellas County, and designated by the Pinellas County Administrator.
- Two members of the Board of Directors should be appointed by the BCC and serve a term of three years.
- One member of the Board of Directors should be the Chair of the Library Directors Advisory Council (LDAC) and serve ex-officio as a nonvoting member.

According to the Interlocal Agreement, the Board is responsible for managing the affairs of the PPLC including:

> **Library Interlocal Agreement**
>
> THIS INTERLOCAL AGREEMENT ("Agreement") is made and entered into by and between the undersigned governmental units as set forth on the signature pages attached hereto ("Parties"), for the establishment of and participation in a cooperative library service for Pinellas County (the "Cooperative").

1. Amending the Articles of incorporation and the Bylaws.
2. Establishing PPLC administrative policy for the operation of the PPLC and receiving and disbursing funds from local, state, and federal sources.
3. Investing the PPLC funds.
4. Employing and directing an Executive Director.
5. Conducting open and public meetings.
6. Establishing the operating budget, subject to the approval of the BCC and overseeing its execution, including approving expenditures for administration.
7. Advising the parties and members with respect to the budget disbursements, extension, and expansion of library services and other affairs of the PPLC.
8. Submission of funding requirements.
9. Developing, in consultation with the library directors, the Annual Plan of Service and the Long Range Plan for the Cooperative to improve library services to residents of municipalities, library taxing districts, and unincorporated areas.

The Board meets the fourth Wednesday of the month. The Board members are not paid a salary or wages, but may be reimbursed for travel and per diem expenses on behalf of the PPLC, as approved by the Board, based on the PPLC Policies and Procedures Manual and in accordance with Section 112.061, Florida Statutes.

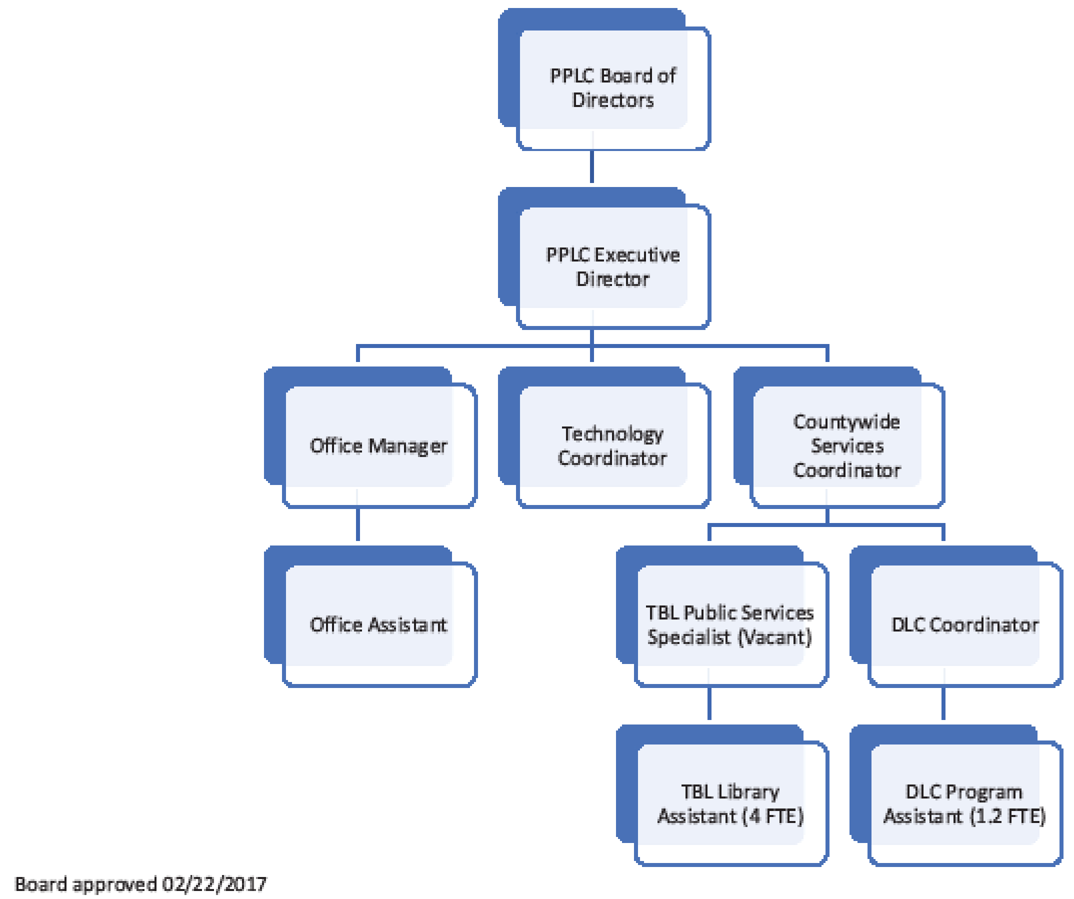
Library Directors Advisory Council

The LDAC consists of the 14 Library directors of governmental units in the County participating as full members of the PPLC. The Council's purpose is to advise the PPLC Executive Director and work in conjunction with the PPLC Board in developing the Annual Plan of Service and the Long Range Plan of the Cooperative, initiate and implement specific projects, share experience and knowledge among its members, and maintain standardized policies. The LDAC meets on the first Monday of each month.

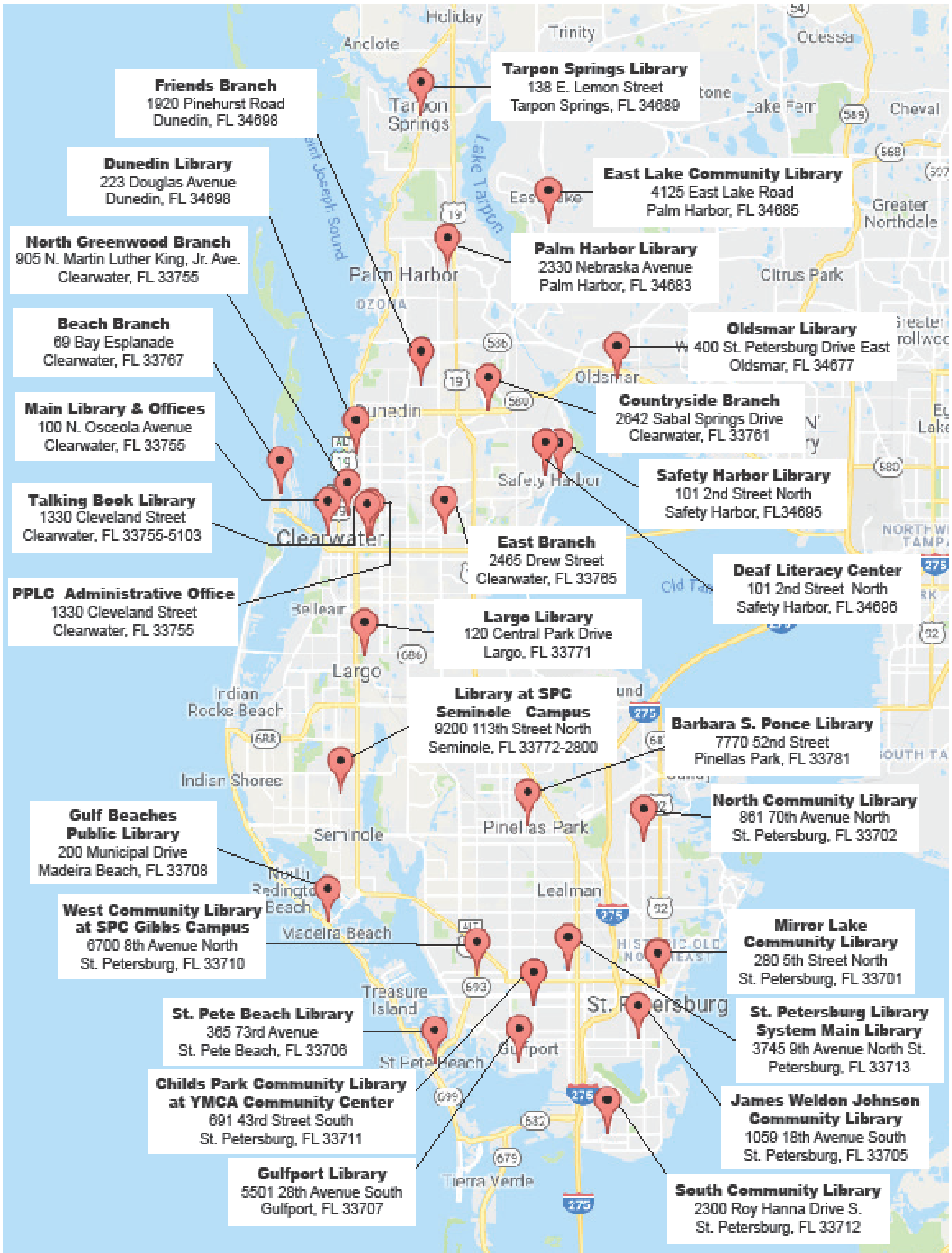
PPLC Administrative Office

The Administrative Office, under the leadership of the Executive Director, provides support to all of the PPLC programs and the member libraries. PPLC administers County, state, and federal funds as well as numerous grants from a variety of sources. The Countywide Services Coordinator submits grants on behalf of the PPLC internal programs as well as programs requested by member libraries. The PPLC manages contracts for the Talking Book Library (TBL), SirsiDynix, the courier delivery program, and facilitates group purchases for the members. The office coordinates and promotes countywide programs through print materials and the media. Library advocacy remains a priority at the local, state, and national level for PPLC board members, library directors, and the PPLC Executive Director, who actively communicate with local elected officials about matters of importance to libraries. The Executive Director acts as a liaison to member cities and County government.

PPLC Organization Chart



PPLC Member Libraries Locations Throughout Pinellas County



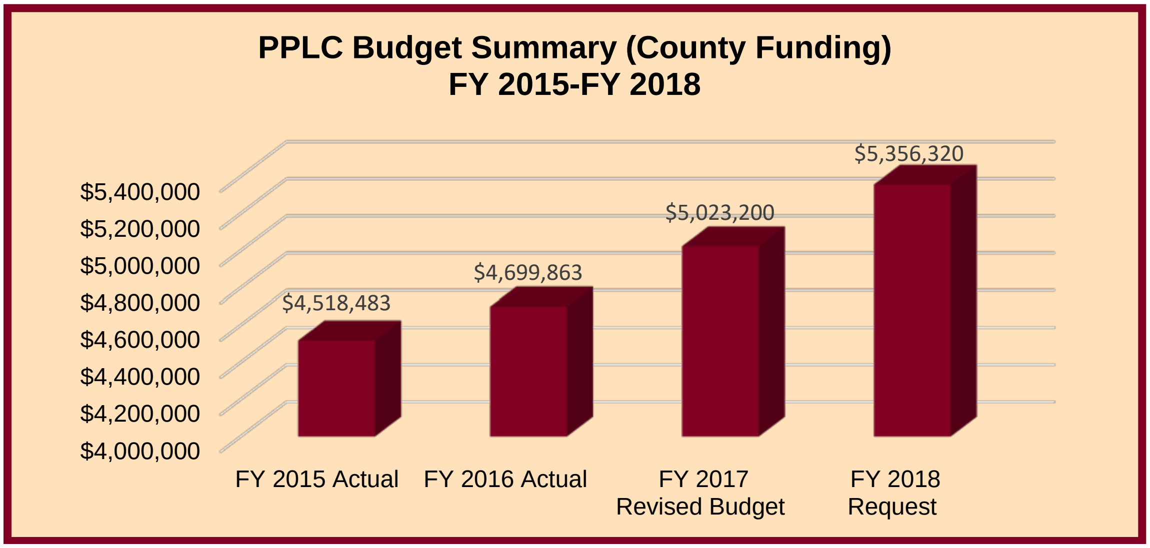
Funding

The PPLC serves the eligible residents of the County and its member public libraries using the funding derived from the County, state, and federal sources. The County funds the PPLC by the millage levy in a portion of the unincorporated areas of the County and per capita dues paid by the participating municipalities without libraries. The maximum millage rate that can be levied is 0.5 mills. The PPLC is eligible to receive the State Aid to Libraries grant fund that supports a variety of countywide programs including the TBL for the Blind and Physically Handicapped, the Deaf Literacy Center (DLC), Countywide Library Automation System Support, and operating materials support.

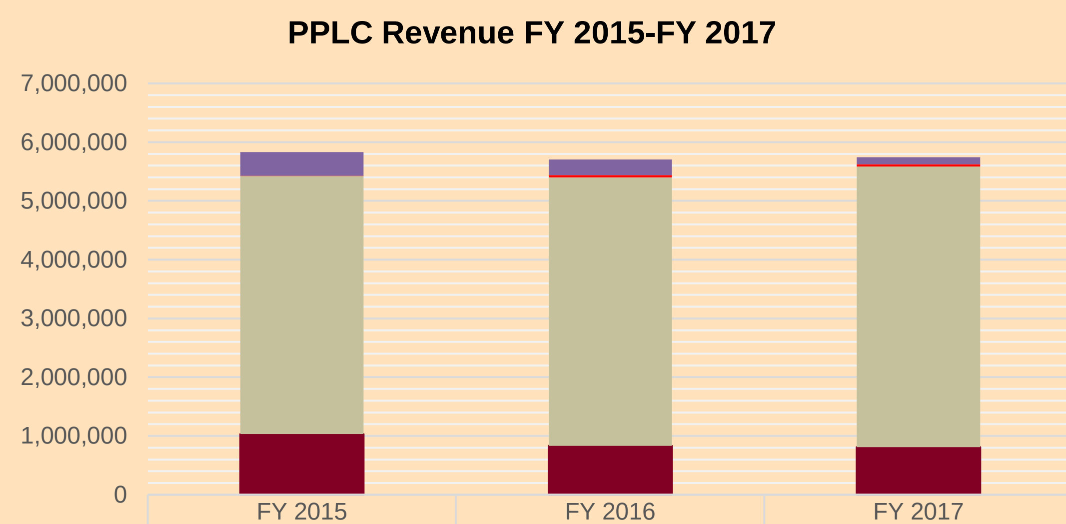
As required by the Florida Statutes, the County allocates a portion of the PPLC's budget to two other programs: the Commissions for the Tax Collector and the Property Appraiser. Following is a summary of the PPLC's County budget by program and fund:

Department Budget Summary				
Expenditures By Program				
Program	**FY 2015 Actual**	**FY 2016 Actual**	**FY 2017 Revised**	**FY 2018 Request**
Property Appraiser	0	0	44,660	46,380
Public Library Cooperative	4,386,410	4,563,420	4,778,920	5,096,700
Tax Collector	0	0	102,610	109,590
Transfers	132,073	136,443	0	0
Total Expenditures	**$4,518,483**	**$4,699,863**	**$4,926,190**	**$5,252,670**
Reserves	0	0	97,010	103,650
Total Expenditures and Reserves	**$4,518,483**	**$4,699,863**	**$5,023,200**	**$5,356,320**
Expenditures By Fund				
Fund	**FY 2015 Actual**	**FY 2016 Actual**	**FY 2017 Revised**	**FY 2018 Request**
Public Library Cooperative Fund	4,518,483	4,699,863	5,023,200	5,356,320
Total Expenditures	**$4,518,483**	**$4,699,863**	**$5,023,200**	**$5,356,320**

Excluding Reserves and other Commission funding, the Fiscal Year (FY) 2018 PPLC Program Budget (County funding) increased by $317,780 (6.6%) over the FY 2017 Revised Budget. This increase is due to the anticipated hike in the County property values. In FY 2018, $5,096,700 will be dedicated to support the PPLC program (95.2% of the total PPLC Budget), $155,970 to the Commissions for the Tax Collector (TC) and the Property Appraiser's Office (PAO), as required by the Florida Statutes, and $103,650 (2% of the PPLC Program Budget) will be placed in the Reserve fund. Note that prior to FY 2017, the funds to support the TC and PAO were reflected collectively as transfers.



In addition to the County funds, the PPLC also receives funding from the state (State Operational Grant), donations, and fees. The PPLC revenue breakdown per source is presented below:

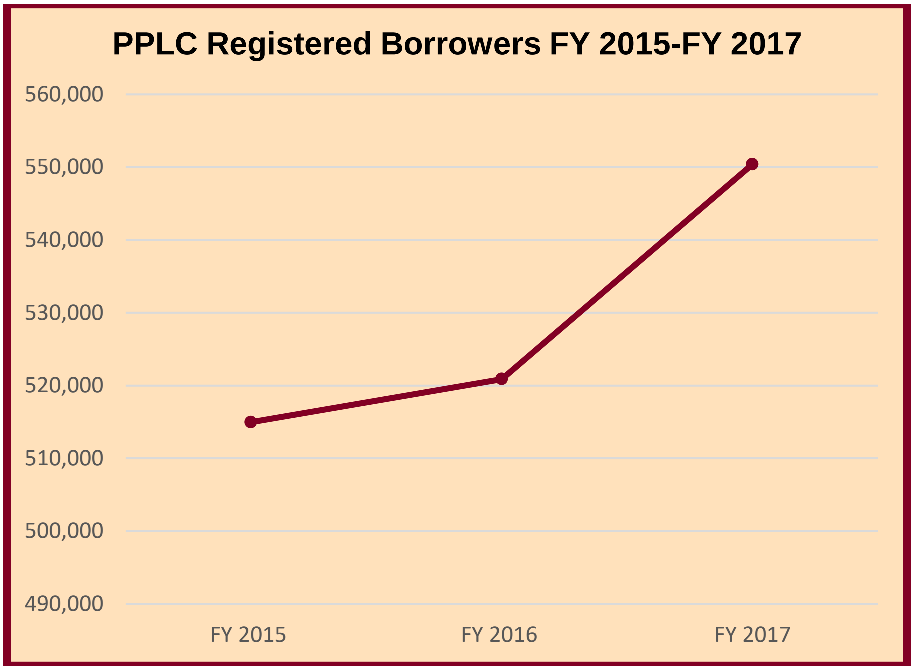


	FY 2015	FY 2016	FY 2017
Other	401,369	266,757	118,757
Donations	8,000	40,000	34,400
County	4,386,410	4,563,420	4,778,920
State	1,032,891	834,455	808,793

Other revenue comes from such sources as grant proceeds, service fees, membership fees, and member library receivables.

Membership & Readership

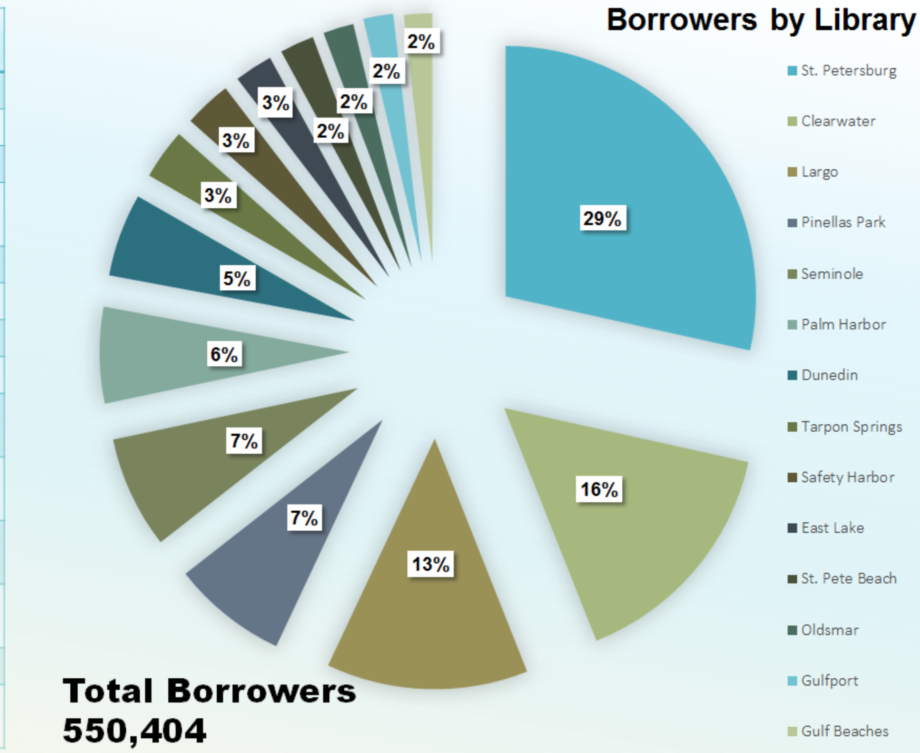
The following statistics have been provided by the PPLC Executive Director for informational purposes only and have not been audited. The number of borrowers (patrons) at the PPLC member libraries has been steadily increasing from 514,964 registered patrons in FY 2015, up by 1.1% to 520,868 in FY 2016, and to 550,404 in FY 2017 (6.9% increase since FY 2015).



According to the United States Census Bureau, the County population was 970,637, as of July 1, 2017. There were 550,404 patrons registered in the County in FY 2017. Therefore, a majority of the County population belongs to the PPLC member libraries. The following chart illustrates the breakdown of the total number of patrons per PPLC member library. The highest number of library members is concentrated in St. Petersburg, the most populated city in the County.

FY 2017 PPLC Total Number of Borrowers Per Member Library

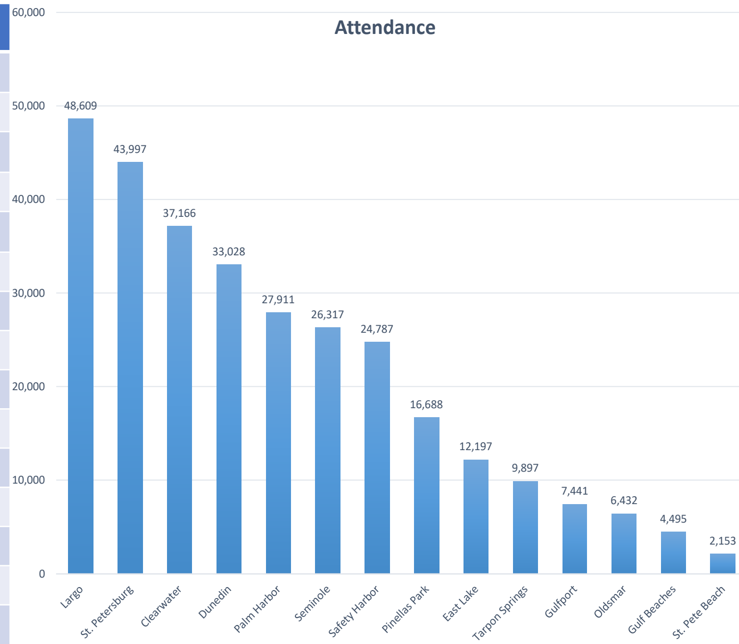
City	Registered Borrowers	Population
St. Petersburg	156,699	259,906
Clearwater	85,375	112,387
Largo	71,644	81,587
Pinellas Park	41,015	52,497
Seminole	39,921	18,440
Palm Harbor	34,222	59,769
Dunedin	29,532	36,060
Tarpon Springs	17,917	24,637
Safety Harbor	16,816	17,269
East Lake	13,595	32,054
St Pete Beach	12,149	9,452
Oldsmar	10,879	14,230
Gulfport	10,611	12,315
Gulf Beaches	10,029	16,243



In FY 2016, there were 13,739 public classes and events held at all the PPLC libraries attended by 325,001 patrons. In FY 2017, the number of classes and events decreased to 13,316 (3.1%) and attracted 301,118 patrons (7.3% decline).

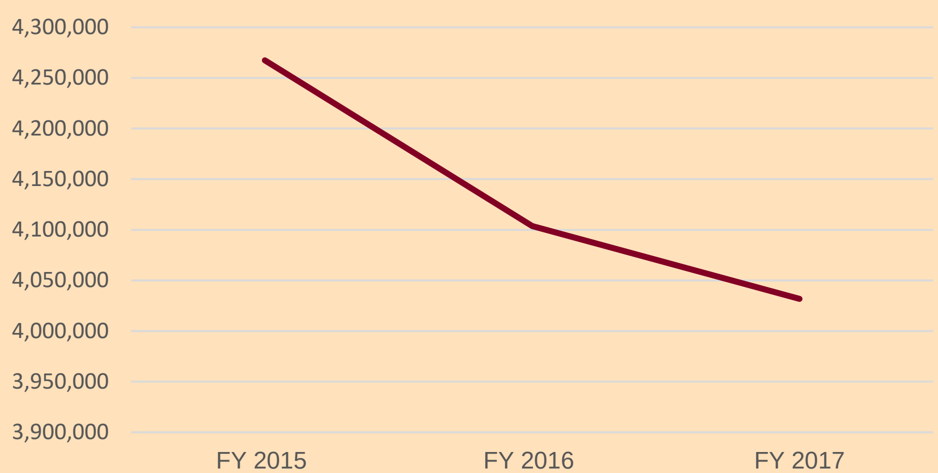
PPLC 2017 Library Program Attendance

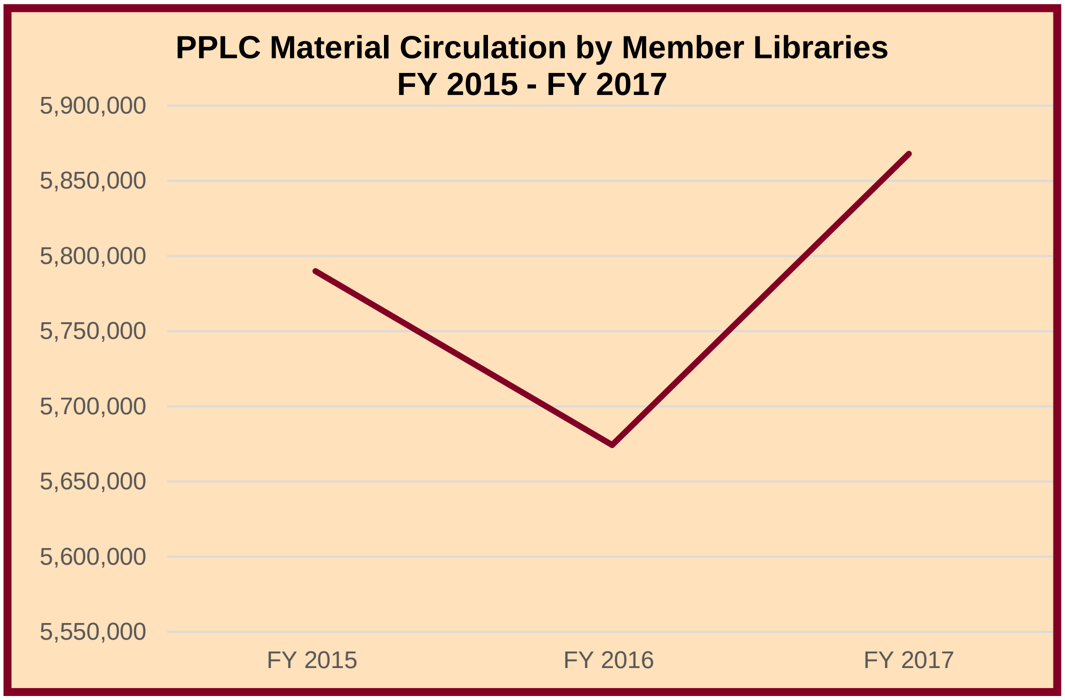
Libraries	Programs	Attendance
Largo	1,451	48,609
St. Petersburg	2,124	43,997
Clearwater	1,634	37,166
Dunedin	1,339	33,028
Palm Harbor	1,076	27,911
Seminole	1,026	26,317
Safety Harbor	898	24,787
Pinellas Park	869	16,688
East Lake	781	12,197
Tarpon Springs	632	9,897
Gulfport	374	7,441
Oldsmar	444	6,432
Gulf Beaches	388	4,495
St. Pete Beach	280	2,153
Total	**13,316**	**301,118**



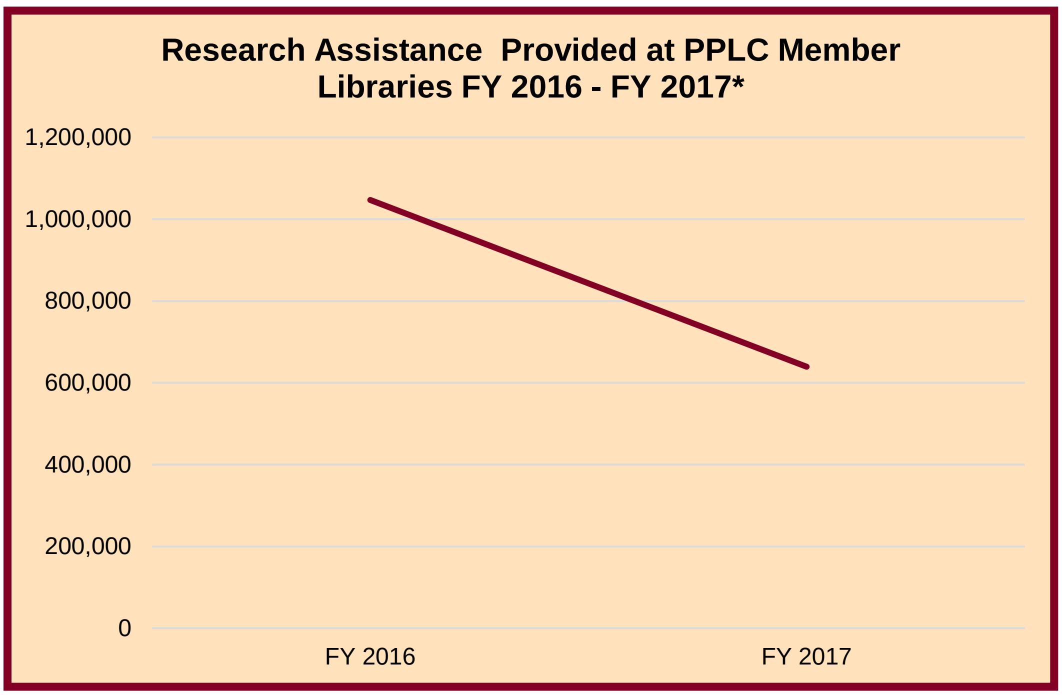
In FY 2015 and FY 2016, the patrons visited libraries 4,267,408 and 4,103,720 times, respectively, and checked out 5,789,946 and 5,674,291 items. In FY 2017, the patrons checked out 5,867,988 items during 4,031,792 visits.

PPLC Visits at the Member Libraries FY 2015 - FY 2017





The staff at all PPLC member libraries performed 1,036,825 queries requested by the patrons in FY 2016. While the number of registered patrons increased steadily, the number of queries requested declined from FY 2016 to FY 2017 by 38%, to 639,370.



*Note: No data was available for FY 2015.

The summary of the PPLC member libraries' statistics for FY 2015 through FY 2017, is as follows:

PPLC Performance Measures			
	FY 2015	FY 2016	FY 2017
Material Circulation by Member Libraries	5,789,946	5,674,291	5,867,988
Registered Borrowers at Member Libraries	514,964	520,868	550,404
Library Visits at the Member Libraries	4,267,408	4,103,720	4,031,792
Research Assistance Provided	n/a	1,036,825	639,370
Number of Public Classes and Events	n/a	13,739	13,316
Total Attendance for Classes and Events	n/a	325,001	301,118

Countywide Services

The TBL – The TBL program mission is "*to encourage and support reading by providing free library services to residents of Pinellas and Sarasota counties for whom conventional print is a barrier*." The program provides recorded, Braille, and large print books and magazines to residents of all ages who are unable to read standard print material due to visual, physical, or learning disabilities. The TBL is part of a national network of cooperating libraries that loan free of charge reading materials and compatible playback equipment from the National Library Service for the Blind and Physically Handicapped and Library of Congress. The United States Postal Service delivers all reading materials to the patrons and returns to the library using postage-free mail.

The TBL is located at the PPLC Headquarters in Clearwater. In FY 2017, there were 7,389 TBL patrons including 5,288 in Pinellas County and 2,101 in Sarasota County. The TBL loaned 170,358 items during that period.

The DLC – The DLC mission is to provide basic literacy instructions, life skills training, and library and information services to deaf individuals and their families. DLC is a countywide program that provides a bilingual/bicultural learning environment for deaf individuals. The program offers basic literacy instruction in English, mathematics, computer based learning, and American Sign Language. The DLC collaborates with the Alliance for Families with Deaf Children and the Volunteer USA Foundation to administer the Deaf Florida Family Literacy Academy. The Safety Harbor Public Library houses the DLC with a variety of classes offered at the Palm Harbor, Pinellas Park, and St. Petersburg South Branch libraries.

Partnerships

Tampa Bay Rays – Reading with the Rays Summer Program

- Encourages children to read and visit libraries by offering Rays incentives and game tickets
- 7,316 children participated in 2017

Tampa Bay Ukulele Society

Ukulele Lending Library Program:

- 31 Ukulele kits were loaned 336 times in FY 2017
- 62 workshops were conducted; 778 patrons attended

Museum Pass Program

- Patrons may check out a museum pass from one of the PPLC member libraries. Every branch has two museum family passes from each of the participating museum partners including Great Explorations Children Museum, Florida Holocaust Museum, and Museum of Fine Arts in St. Petersburg.

Juvenile Welfare Board

Early Readers. Future Leaders. Pinellas Campaign for Grade-Level Reading

Summer Break Spots:

- Six public libraries participated in distributing free meals to children during summer 2017, in conjunction with their summer reading programs.

State of Florida Division of Library and Information Services

Career Online High School:

- Program offers Pinellas County adults the opportunity to earn an accredited high school diploma
- 41 students enrolled in 2017

SCOPE AND METHODOLOGY

The scope of the audit included compliance with the Florida Statutes and the 2013 Interlocal Agreement, internal controls over revenue and expenditure transactions, technology processes, asset management and maintenance, and grants and contracts.

We made the following two modifications to the audit scope:

1. A grant review and testing was included in the scope since the State Operating Grant equaled 17% of the total PPLC revenue in FY 2016.
2. The inventory procurement and disposal step was eliminated since the PPLC only maintains office furniture and information technology (IT) equipment under $1,000, and a small inventory of puppets, die cuts, and small rhythm instruments (triangle, castanets, etc.), which have a cumulative value of less than $1,000.

The audit covered the period of October 1, 2014, to September 30, 2016. However, transactions and processes reviewed were not limited by the audit period and scope.

In order to meet the objectives, we performed the following during the audit:

- Interviewed the PPLC staff to obtain a clear understanding of the Interlocal Agreement, processes, and the related internal control environment.
- Reviewed pertinent Florida Statutes in order to verify if the PPLC is in compliance.
- Evaluated internal controls over revenue and expenditures.
- Tested revenue and expenditure transactions.
- Reviewed and evaluated technology processes, asset management, and maintenance.
- Reviewed and evaluated grant and contract compliance and monitoring.

OBJECTIVES AND OUTCOMES

The objectives of the audit were to:

1. Determine compliance with the Florida Statutes and the 2013 Interlocal Agreement.
2. Evaluate internal controls over revenue and expenditure transactions.
3. Evaluate the adequacy of technology processes.
4. Evaluate the adequacy of asset management and maintenance.
5. Determine if grants and contract compliance and monitoring are adequate.

As a result of the audit, we determined:

1. The PPLC's compliance with the Florida Statutes and the Interlocal Agreement requires improvement. The PPLC Board does not earn interest on one PPLC checking account, does not distribute annual reports, and does not abide by the County investment policy. The IPS does not provide sufficient information regarding proposed allocations to allow for an informed decision. In addition, the Bylaws and the Interlocal Agreement contain contradictory information regarding the PPLC investment policy.

   The PPLC Board does not spend a sufficient amount of time to fulfill its obligations. The Articles of Incorporation, the Interlocal Agreement, and the Bylaws contain conflicting information related to the number of PPLC Board members.

2. The PPLC controls over revenue and expenditure transactions are adequate, except Certified Public Accountant (CPA) firm staff servicing the PPLC does not perform an independent verification of the vendor payment checks. Employee mileage reimbursement requests do not include supporting documentation containing detailed trip information. In addition, the PPLC Executive Director’s purchase of a PPLC owned car may have created a perception of a conflict of interest.

3. The PPLC does not have sufficient controls in place to ensure the consistent data entry, accuracy, and integrity of the patron address data. In addition, there are no policies and procedures for the operation, use, and administration of the SirsiDynix ILS software.

4. The PPLC adequately manages and maintains its assets. However, PPLC policies and procedures related to asset management are outdated.

5. Grant and contract compliance and monitoring at the PPLC are adequate, except policies and procedures are outdated. In addition, the FY 2017 PPLC Financial Statements did not reflect funds remaining in the Barbara Bush Foundation.

Our audit was conducted in accordance with *the International Standards for the Professional Practice of Internal Auditing* and *the Principles and Standards for Offices of Inspector General* and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances.

OPPORTUNITIES FOR IMPROVEMENT

Our audit disclosed certain policies, procedures, and practices that could be improved. Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. The PPLC Does Not Have Sufficient Controls In Place To Ensure The Consistent Data Entry, Accuracy, And Integrity Of Patron Address Data.

The PPLC does not have controls in place to ensure consistent data entry and to standardize patron address information in its ILS, in order to correctly identify patrons residing in incorporated or unincorporated locations. The SirsiDynix Corporation produced the ILS, which the PPLC and the 14 County member libraries have used since March 2016. Library staff creates new users in the SirsiDynix Symphony WorkFlows application, which connects to the master catalog database located in Atlanta, Georgia.

When library staff creates a new ILS patron user, he/she records the patron's physical address on the user account profile. In addition, library staff looks up the new patron's address on the PAO and/or TC websites to verify the associated zoning information. If library staff determines a patron's address is located in an unincorporated district, he/she checks the appropriate box in the Symphony WorkFlows user record. This process can lead to errors since addresses can have multiple variations and abbreviations, making it more difficult to identify the associated tax district manually. Each patron's library card expires every three years, which requires the patron to appear in the library and verify his/her current address.

The PPLC tracks how many patrons reside in cities and unincorporated areas of the County in order to calculate the annual non-resident circulation set aside allocation. The non-resident circulation set aside is a means to compensate libraries for services to patrons who are outside their service areas, which includes library staff time to pull books for the non-resident patrons. Non-resident patrons include unincorporated patrons using member library services or a patron who uses the services of a library outside his/her assigned member library. The PPLC generates monthly circulation reports from Symphony WorkFlows, which provide the total of items, typically books, borrowed by non-resident patrons from each member library. On an annual basis, the PPLC totals the non-resident items borrowed from each of the 14 member libraries, and the proportional share of non-resident borrowed items from each library is calculated.

After the PAO and TC receive their annual funding allocations and the PPLC has withheld its administrative funding, the PPLC allocates the remaining funds based on a 90/10 split. Specifically, the PPLC proportionally divides 90% among the member libraries based on actual expenditures, which is subject to a minimum and maximum equalization factor, and it allocates 10% based on each member library's proportional share of non-resident borrowed items. Therefore, the member libraries with the larger numbers of non-resident borrowed items receive the higher allocations. A simplified version of the library funding allocation formula is as follows:

Simplified PPLC Library Funding Allocation Formula
Total Allotted Funds
- PAO Allocation
- TC Allocation
Remaining PPLC and Library Funds
- PPLC Administration (8% +/-)
Remaining Library Funds
- 90% Expenditure-Based Proportional Allotment
- 10% Non-Resident Circulation Proportional Allotment

Non-resident circulation allocations for FY 2016 totaled $421,474 and are depicted by library in the following table:

City	Total Non-Resident Borrowed Items	Percentage	Circulation Allocation
Clearwater	385,829	21%	$ 88,426
Dunedin	131,211	7%	30,072
East Lake	59,849	3%	13,716
Gulf Beaches	47,349	3%	10,852
Gulfport	30,717	2%	7,040
Largo	338,439	18%	77,565
Oldsmar	38,484	2%	8,820
Palm Harbor	92,042	5%	21,095
Pinellas Park	154,386	8%	35,383
Safety Harbor	83,656	5%	19,173
St. Pete Beach	73,596	4%	16,867
St. Petersburg	126,141	7%	28,910
Seminole	202,544	11%	46,420
Tarpon Springs	74,767	4%	17,135
Totals	**1,839,010**	**100.00%**	**$ 421,474***

City	Total Non-Resident Borrowed Items	Percentage	Circulation Allocation
* Number varies by $1 from agency-provided total due to rounding.			

The Symphony WorkFlows application logs all high-level historical transactions. The transaction log identifies a change to the unincorporated patron identifier or city, as well as any other changes affecting the user profile, as a user edit. The Symphony WorkFlows application has a verbose, or more detailed, logging feature that provides more details on individual events like changes to the unincorporated patron identifier or city. The PPLC currently has verbose logging disabled due to the resource constraints associated with housing a large amount of log data.

The PPLC has created an internal working group to develop data standards. The PPLC is also in discussions with BTS to determine how the PPLC could access the County's geographical information system (GIS) address data. The PPLC would then use the GIS data to match against its patron address data and manually correct records that do not match while ensuring unincorporated patron designations are accurate. The PPLC's goal is to arrive at a long-term, real-time validation solution incorporated into the ILS, which would eliminate the need for library staff to manually identify or change a patron's library tax district and would ensure the accuracy of patron address information. The long-term solution would require cooperation from SirsiDynix since it involves custom programming to facilitate an automated connection to the County's GIS data.

The PPLC process to identify patron tax districts is strictly manual, which makes errors more likely. The PPLC has also only recently begun to realize a need to implement controls over the accuracy and integrity of the patron address data.

The use of multiple patron address variations and abbreviations increases the risk that staff incorrectly identifies the patron as an unincorporated citizen or selects an incorrect city. The use of incorrect patron statistics would result in a skewed non-resident circulation allocation. Moreover, there is a risk of staff intentionally manipulating the patron addresses to direct more funding to a specific member library. For FY 2016, the total amount of funds allocated to member libraries for non-resident circulation was $421,474.

Discussions with PPLC Management revealed additional future funding could be dependent on patron address statistics. This further reinforces the need to ensure current and prospective patron address information is standardized and accurate to direct the correct amount of funding to the appropriate recipients.

The PPLC should strictly monitor the accuracy and integrity of demographic data critical for funding allocation purposes. The PPLC should make every attempt to ensure the address information stored in the ILS is standardized, accurate, and verifiable for each patron. Address records should be auditable, and the PPLC should monitor changes of patron address records to ensure the changes are warranted. The PPLC's ultimate goal should be to make the process as automated as possible to eliminate the need for manual identification and changes.

We recommend Management:

A. Work with BTS to arrive at a solution to standardizing PPLC patron address data by means of matching against the County's GIS data. The PPLC should formally document the manual review process to correct records that do not match in the PPLC's policies and procedures.

B. Pursue a long-term, real-time address data validation solution through automation with the assistance of BTS and SirsiDynix. The PPLC could potentially collaborate with SirsiDynix to incorporate this enhancement into its software so that it could offer it to other customers, thereby potentially reducing or eliminating the cost to the PPLC. Once implemented, the PPLC should consider restricting library staff from making manual changes to the unincorporated patron identifier.

C. Create a report to capture the percent statistical change in non-resident circulation data for each member library and review on a monthly basis to detect any unexplained trends. Upon the identification of any questionable trends, the PPLC should enable verbose transaction logging for the associated libraries and review any transactions that alter the city or unincorporated patron identifier to ensure they are warranted. The PPLC should formally document the review in the PPLC's policies and procedures.

D. Implement a review process for any changes to the patron city or unincorporated identifiers to ensure a second library staff member authorizes those changes. The PPLC should formally document the second level review of changes to the patron address data in the PPLC's policies and procedures.

Management Response:

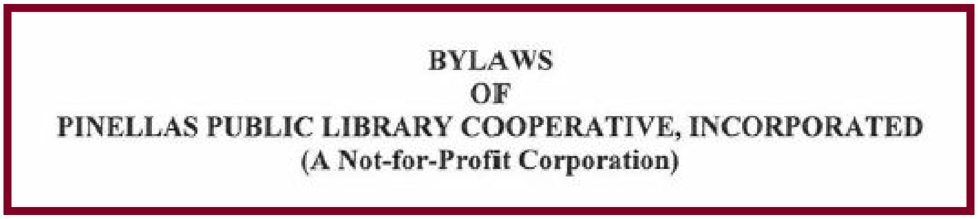
Management Partially Concurs. Patron registrations are confirmed manually by checking each address upon entry with the County Property Appraiser's website. PPLC staff periodically review patron data, and when errors are found, they are reported to the Member Library Director and staff. PPLC staff are investigating possibilities (since 2016) of data integration with the Pinellas County BTS and SirsiDynix. PPLC staff are also working with member library Directors and staff to develop policies and standard procedures for data entry. This work will continue until a reliable system is in place. All policies and procedures will be fully documented.

2. The Board Does Not Comply With The Interlocal Agreement And The Bylaws.

The Board does not follow some of the provisions of the Interlocal Agreement and the PPLC Bylaws. During our review, we determined the following non-compliant matters:

A. The Board Does Not Follow The County's Investment Policy.

The Bylaws of the PPLC establish the duties of the Board. The PPLC adopted its Bylaws October 19, 2015. Additionally, the PPLC entered into an Interlocal Agreement with the library members and the County with an effective date of October 1, 2013. One of the Board's responsibilities listed in Section 12 of the Bylaws and Section III(6) of the Interlocal Agreement is the investment of the PPLC's funds. The Interlocal Agreement goes further to require the PPLC to invest its funds and abide by the County's Investment Policy.



BYLAWS
OF
PINELLAS PUBLIC LIBRARY COOPERATIVE, INCORPORATED
(A Not-for-Profit Corporation)

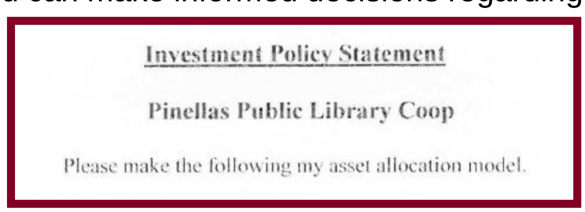
Section V(C)(4) of the Interlocal Agreement states the following:

> *"The Cooperative shall abide by the terms and provisions of the laws of the State of Florida and the provisions of this Agreement and any other applicable Federal, State, or local laws, rules and regulations including the County's Investment Policy."*

PPLC Management stated the PPLC Board did not implement the County's Investment Policy. Consequently, the PPLC does not comply with the Interlocal Agreement regarding fund investments. In addition to the noncompliance, the Board may be exposing the PPLC funds to further unnecessary risk.

B. The Allocation IPS Lacks Details To Make Informed Decisions.

The IPS does not include sufficient details so the Board can make informed decisions regarding the allocation of assets within the PPLC investment account. The brokerage firm provides the Board with an IPS, which contains a list of proposed percentage allocations of the investment account assets.



Investment Policy Statement

Pinellas Public Library Coop

Please make the following my asset allocation model.

The IPS only lists asset categories and each asset category's percentage of the total asset portfolio. The IPS does not contain the following:

- Definitions of the asset categories

- Historic returns of the asset categories
- Projections of the performance of each asset category
- Investment risk indicators by asset category (such as alpha, beta, standard deviation, or the Sharpe ratio)
- Benchmark returns of major indices and government securities

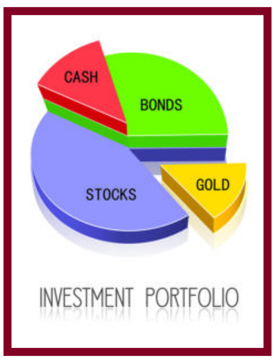
The Board does not require the brokerage firm to provide additional information with the IPS. This data would supply meaningful support for an informed decision regarding the allocation of assets within the PPLC brokerage account.

The Board cannot make an informed decision regarding the allocation of assets in the PPLC investment account with the insufficient information provided. The Board does not know the composition of each asset category and does not receive historic returns or projections related to each asset category. Consequently, the Board may be assuming too much risk in some asset categories or investing in asset categories that underperform in comparison to the performance of the major indices and government securities.

C. The Board Does Not Periodically Review The Allocation Of The Investment Account.

Both the Interlocal Agreement, Section III(6)(e), and Article IV of the Bylaws, Section 12(e), specify that one of the duties of the Board is *"Investing the Cooperative funds."*

The IG performed an analysis to determine if the PPLC investment account complied with the IPS related to the allocation of funds in the different asset categories. The most current IPS is from October 21, 2014. The IPS contains a clause that any asset category allocation may vary by +/- 10% of the total account.



We reviewed investment account statements for the periods ending September 30, 2015, and September 30, 2016. We first documented the agreed allocation percentages for each asset category in the IPS and calculated the agreed amount of funds for each asset category based on the agreed allocation percentages and the total account value for each year reviewed. We next calculated the acceptable 10% variance and associated minimum and maximum amounts for each asset category based on the total account value for each year reviewed. We then added all funds within each asset category to arrive at total actual asset category funds for each year reviewed to compare to the acceptable variance range.

For example, the bonds asset category had an agreed allocation of 15% of the total account. The total brokerage account balance as of September 30, 2016, was $199,518 comprised of a bonds balance of $29,291. The agreed 15% allocation equaled $29,928. The acceptable variance was 10% of the total account balance of $199,518, or $19,952 more or less than the agreed 15% allocation amount of $29,928. Therefore, the bonds balance could have fallen within a range of $9,976–$49,880. Consequently, the bonds balance of $29,291 was in the acceptable range.

We compared the actual asset category allocations to the acceptable IPS allocation range to identify all exceptions for the periods ending September 30, 2015, and September 30, 2016. We noted no allocation issues for the period ending September 30, 2015. However, we noted one balance from September 30, 2016, that did not comply with the IPS. The figure listed in red in the following table identifies the allocation that did not comply with the IPS. Note: we changed negative minimum values to zero since the associated fund balances could not have fallen below zero.

Allocation Analysis of Brokerage Account September 30, 2016					
Asset Category	**IPS Agreed Percent Allocation October 21, 2014**	**Actual Allocation September 30, 2016**	**IPS Agreed Allocation Amount**	**IPS Minimum Acceptable Allocation**	**IPS Maximum Acceptable Allocation**
Cash	3%	$ 45,101	$ 5,986	$ 0	$ 25,937
Bonds	15%	29,291	29,928	9,976	49,880
Foreign Stock	20%	21,430	39,904	19,952	59,856
Aggressive Growth	5%	6,273	9,976	0	29,928
Growth	10%	24,421	19,952	0	39,904
Growth & Income	10%	20,724	19,952	0	39,904
Real Estate Investment Trusts	5%	9,810	9,976	0	29,928
Alternatives	15%	28,698	29,928	9,976	49,880
Natural Resources/ Commodities	8%	3,846	15,961	0	35,913
Global Infrastructure	5%	9,924	9,976	0	29,928
Gold	4%	0	7,981	0	27,933
Totals	**100%**	**$199,518***	**$199,520***		
* These totals vary due to rounding.					

For the period ending September 30, 2016, the cash balance was nearly double the IPS maximum acceptable allocation. In addition, there was no investment in gold even though gold represented 4% of the total IPS allocation. We noted there was also no investment in gold for the period ending September 30, 2015.

The brokerage account allocation did not comply with the allocation as stated in the IPS in effect for FY 2016. The PPLC Board of Directors and the Finance Committee are not reviewing the brokerage account investments to ensure the brokerage firm complies with the IPS.

The actual allocation of funds did not agree with the IPS. In addition, the PPLC signed a five-year agreement with the brokerage firm and updated the IPS in 2014. Outdated allocation strategies and failure to monitor the existing IPS could expose the PPLC brokerage account to higher risk and the potential loss of future income.

D. The Board Did Not Approve The IPS Fund Percentage Allocations.

The PPLC signed an IPS with the brokerage firm, which lists the percentage allocation of each sector for the investment account. The brokerage firm confirmed the most recent IPS executed October 21, 2014, is effective until implementation of a new IPS. The Executive Director and the brokerage firm signed the IPS. However, the Board did not sign the IPS, although it is one of the Board's duties listed in the Interlocal Agreement and the Bylaws. Both the Interlocal Agreement and the Bylaws state that one of the duties of the Board is *"Investing the Cooperative funds."*

According to the National Council of Nonprofits:

> *"Board members are the fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as by making sure the nonprofit has adequate resources to advance its mission."*

The Board is responsible for the investment of the PPLC funds. Since the Board did not approve the IPS, the Board did not comply with the Interlocal Agreement and the PPLC's Bylaws.

E. The Board Does Not Provide Annual Reports To The Members And The Parties To The Interlocal Agreement Regarding The Progress Of The Long Range Plan And Annual Plan Of Service.

The PPLC Board does not forward the annual reports presented during Board meetings to the members and parties to the Interlocal Agreement as required in the Interlocal Agreement.

Section III(F) of the Interlocal Agreement states:

> *"The Cooperative Board will provide annual reports on the progress toward meeting the objectives of the long-range plan and the annual plan of service. The reports will include audited statements of operating expenditures, capital expenditures, and reserve accounts, and will be forwarded to the Members, the Parties and the Division of Library and Information Services*."

The Board does not comply with the annual reporting requirements documented in the Interlocal Agreement. Consequently, the members and the parties to the Interlocal Agreement are not up-to-date on the progress of the PPLC long-range and annual plan of service.

We recommend the Board:

A. Establish an investment policy that, in compliance with the Interlocal Agreement, follows the County's Investment Policy.

B. Require the brokerage firm to provide additional information with the IPS, such as definitions of categories, historic returns, projections, measures of market risk, and benchmark returns of major indices and government securities, so the Board will have sufficient information to make an informed decision regarding the asset allocation.

C. Annually compare actual fund allocations in the brokerage account to the agreed allocation in the IPS and require the brokerage firm to adjust any asset categories outside of the acceptable variance range.

D. Annually approve the funds allocations and overall investment strategy in the brokerage account.

E. Provide the annual reports to members and parties to the Interlocal Agreement as required in Section III(F) of the Interlocal Agreement.

Management Response:

A. **Management Partially Concurs.** The Board is currently reviewing the County Investment Policy for relevance. Parts of the County Policy are applicable, and some are not. A formal adoption is pending.

B. **Management Partially Concurs.** The Board's Finance Committee meets monthly, and reviews monthly investment reports. The Finance Committee meets with Investment Advisors from the brokerage firm annually. Modifications are made to investment ratios on an annual basis during the meeting with the Investment Advisors.

C. **Management Partially Concurs.** The Board's Finance Committee reviews the allocations monthly and adjusts allocations annually. All concerns are brought to the full Board as needed.

D. **Management Concurs.** The Board's Finance Committee did approve the IPS allocations and reported their decision to the full Board.

E. **Management Partially Concurs.** Members and Parties are invited to the PPLC Annual Meeting where the Annual Report is presented. Progress of the Long-Range Plan is also presented at the Annual Meeting, along with the Annual Plan of Service. Representatives of each Member Library do attend the Annual Meeting. Management will develop a plan to distribute electronic and/or paper copies of each document to each Member and Party.

3. *The Bylaws And Interlocal Agreement Contain Contradictions Regarding The Investment Policy.*

The Interlocal Agreement provides the two conditions for investing PPLC funds. First, the PPLC must abide by the County's Investment Policy. Second, the funds must be invested in an interest-bearing public depository.

The Bylaws, Article IX, Section 1, Investments, states:

> *"The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, without being restricted to the class of investment which a trustee is or may be permitted by law to make or by any similar restriction, provided, however, that no action shall be taken by or on behalf of the corporation if such action is a prohibited transaction or would result in the denial of a tax exemption under Section 501(c)(3) and Section 509 of the Internal Revenue Code of 1954 as amended, and the regulations issued pursuant thereto as they now exist or as they may hereafter be amended. To preserve the security of public funds held by PPLC, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit."*

Interlocal Agreement Section V(C)(4) declares:

> *"The Cooperative shall abide by the terms and provisions of the laws of the State of Florida and the provisions of this Agreement and any other applicable Federal, State, or local laws, rules and regulations including the County's Investment Policy."*

According to the Interlocal Agreement, Section V(C)(1):

> *"All funds of the Cooperative shall be maintained in an interest-bearing public depository as set forth in Florida Statutes, Chapter 280 (2000), as may be amended."*

Florida Statute 280.02(26) defines a public depository as:

> *"'Qualified public depository' means a bank, savings bank, or savings association that:*
> *(a) Is organized and exists under the laws of the United States or the laws of this state or any other state or territory of the United States.*
> *(b) Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.*
> *(c) Has deposit insurance pursuant to the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss. 1811 et seq.*
> *(d) Has procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits.*
> *(e) Meets all the requirements of this chapter.*
> *(f) Has been designated by the Chief Financial Officer as a qualified public depository."*

The PPLC maintains a checking account with a minimal balance and a money market account with a commercial bank. The commercial bank meets the qualifications of a public depository as set forth in Florida Statutes, Chapter 280. The checking account does not earn interest, but the money market account does. The checking account is used for secure electronic transfers of donations that, once posted, are then swept into the main money market account.

The PPLC also maintains an investment account with a local brokerage firm. The brokerage firm invests the account in several funds in an attempt to diversify market risk of the account while maximizing returns. While some of the funds produce income in the form of dividends, the account is not an interest-bearing account in a public depository.

The Board does not comply with the Interlocal Agreement in regards to placing all funds in an interest-bearing account at a public depository. Despite maintaining a minimal balance, the PPLC's checking account does not earn interest. In addition, the investment account is exposed to market risk, and the entire investment account is not producing interest income in a public depository.

The Bylaws state the Board shall invest funds according to its judgement. On the other hand, the Interlocal Agreement states the PPLC shall make investments according to the County's Investment Policy, and the PPLC shall maintain funds in an interest-bearing public depository.

The Bylaws contradict the Interlocal Agreement by stating the Board can use its own judgment regarding the investment of PPLC funds. The Bylaws do not state the PPLC is bound by the terms of the Interlocal Agreement, which would prohibit the Board from investing the PPLC's funds based on its own judgment and without restriction.

We recommend the Board:

A. Amend the Interlocal Agreement to agree with the Bylaws and allow the PPLC Board to use its judgement to invest PPLC funds in the non-public depositories, including the ability to use brokerage firms, or

B. Invest all of the PPLC funds in interest-bearing accounts with entities that meet the definition of a public depository according to Florida Statutes, Chapter 280, and

C. Modify the Bylaws to agree with the Interlocal Agreement language regarding the PPLC fund investment.

Management Response:

Management Concurs. The Board will amend the Interlocal Agreement before the next expiration date. The Board will modify the Bylaws to agree with the Interlocal Agreement.

4. The Number Of Board Members In The Articles Of Incorporation Does Not Correspond To The Interlocal Agreement And Bylaws.

The Articles of Incorporation, Section 12, state:

> "*Directors. Initial Directors are same as Subscribers/Incorporators and Officers. The final number of directors shall be seven (7). Their terms of service shall be 3 years and shall be staggered. The manner of their appointment and termination shall be as set forth in the Library Interlocal Agreement dated January 10, 1988 and in the Corporation by-laws.* "

Although the Articles of Incorporation dictate seven Board members, both the Interlocal Agreement and Bylaws specify the number of members as nine.

The Interlocal Agreement, Section III(B)(1), states:

> "*Membership: The Board of Directors shall consist of nine (9) voting Members and one (1) ex-officio non-voting Member who shall be selected and appointed in accordance with the provisions of the Articles of Incorporation and the By-laws, as amended…"*

Article IV, Section 2, of the Bylaws, states:

> *"Number. The number of Directors of the Corporation shall be nine."*

The Articles of Incorporation state there shall be seven Board members. However, the Interlocal Agreement and the Bylaws both state there shall be nine Board members. The current Board member total is nine. Therefore, the Articles of Incorporation do not coincide with the Interlocal Agreement and the Bylaws as to the number of Board members.

The PPLC became incorporated on December 13, 1989. The Articles of Incorporation have not been updated since that time, so the total number of Board members coincided with the total number of Board members stated in the Interlocal Agreement, effective October 1, 2013, and the Bylaws adopted on October 19, 2015.

The Articles of Incorporation do not reflect the current Board member total and are not in agreement with the Interlocal Agreement and the Bylaws.

We recommend the Board:

Modify the total number of Board members in the Articles of Incorporation to nine, so it coincides with the Interlocal Agreement and the Bylaws.

Management Response:

Management Concurs. The Board will amend the Articles of Incorporation with the Florida Department of State.

5. The Board Of Directors Dedicates An Insufficient Amount Of Time To Execute Its Required Duties.

According to the Internal Revenue Service (IRS) Form 990, filed by the PPLC for the periods ending September 30, 2015 and September 30, 2016, each Board member spent an average of one hour per week fulfilling his/her Board-related duties.

The Interlocal Agreement states the following in Section III(6):

> *"The duties of the Board of Directors shall include, but not be limited to:*
>
> *a. Managing the affairs of the Cooperative;*
> *b. Amending the Articles of Incorporation and By-laws;*
> *c. Establishing administrative policy for the operation of the Cooperative;*
> *d. Receiving and disbursing funds from local, state, and federal sources and entering into arrangements as appropriate in connection therewith, and receiving and disbursing funds from Members without libraries participating in the Cooperative;*
> *e. Investing the Cooperative funds;*

f. Employing and directing an Executive Director;
g. Conducting open and public meetings, the time and place to be decided by the Board of Directors;
h. Establishing the operating budget for the Cooperative, which is subject to the approval of the BCC, and overseeing its execution, including approving expenditures for administration;
i. Advising the Parties and Members with respect to the budget, disbursements, extension and expansion of library services and other affairs of the Cooperative;
j. Submission of funding requirements in accordance with the provision of Section V(C);
k. Developing, in consultation with the library directors of Members, the Annual Plan of Service and the Long Range Plan for the Cooperative to improve library services to residents of municipalities, library taxing districts, and unincorporated areas."

As noted in Opportunity For Improvement (OFI) Nos. 2, 3, and 4 above, the Board has not amended the Bylaws and Articles of Incorporation as required by Section III(6)(b) of the Interlocal Agreement. Based on the information contained in OFI Nos. 2 and 3, the Board does not prudently manage the PPLC investment fund as required in Section III(6)(e) of the Interlocal Agreement. In addition, as stated in OFI Nos. 13 and 14 below, the Board does not ensure the PPLC's policies and procedures reflect the current processes in place, as required by Section III(6)(a) and (c).

Based on the information reported to the IRS and the OFIs contained in this report, the Board members dedicate an insufficient amount of time fulfilling a comprehensive list of duties required of them. As a result, the Board may not perform some duties as timely and effectively as it could.

We recommend the Board:

Dedicate the time necessary to execute its duties, as listed in the Interlocal Agreement and the Bylaws, efficiently and effectively.

Management Response:

Management Partially Concurs. The Board will examine the feasibility of extended meeting times.

6. The Interlocal Agreement Lacks A Method To Remove Non-Compliant Members.

Best practices dictate a contract should contain a failure to comply with terms and conditions clause allowing the PPLC Board to remove non-compliant members. The PPLC Interlocal Agreement did not contain such a clause addressing violations of agreement terms.

Membership in the PPLC is voluntary under the Interlocal Agreement. Once a member library is accepted, there is no clause in the agreement allowing for its removal. The only method in the agreement for a member to leave the PPLC is to withdraw voluntarily. Members could choose to stop fully participating or meeting the requirements of the agreement without any repercussions.

A PPLC member that is non-compliant with the terms of the Interlocal Agreement and chooses not to withdraw from the PPLC could continue receiving funds and benefits as a member in good standing. Therefore, the PPLC could be compelled to allocate funds and benefits to a non-compliant member library.

We recommend the Board:

Modify the Interlocal Agreement to include a method for removing non-compliant members from the PPLC.

Management Response:

Management Concurs. The Board modified the Interlocal Agreement to include a method for removing non-compliant members from the PPLC. The BCC approved the Interlocal Agreement on September 25, 2018.

7. The PPLC Does Not Obtain Population Estimates From A Source Listed In The Interlocal Agreement.

PPLC Management does not comply with the provisions of the Interlocal Agreement related to the use of the census data sources.

The PPLC Interlocal Agreement, Section V(B), states:

> "*The Cooperative shall advise each Member without a library by June 1 of each year, of such unit's funding requirement for the next fiscal year, together with the*

calculations by which such funding requirement was determined and the backup information for such calculation, consisting of (i) average per capita locally funded library expenditures of Members with libraries for the last completed year and (ii) appropriate population statistics. The expenditures shall be based on audited financial statements for such last completed year in accordance with budget line items identified in Section IV(B)(4). The population statistics used to calculate such per capita expenditures shall be for such year and shall be from the Bureau of Economics and Business Research of the University of Florida or the Pinellas County Planning Department."

The PPLC uses population estimates from the United States Census Bureau's American Community Survey for the two unincorporated areas included in the funding allocation. For the incorporated areas included in the funding allocation, the PPLC uses the population estimates from the University of Florida's Bureau of Economic and Business Research (BEBR). The population estimates produced by the BEBR do not include estimates for unincorporated communities within Pinellas County. Moreover, the PPLC does not use data available from the Pinellas County Planning Department as an alternative data source.

The PPLC does not obtain member library population estimates, which it uses in the funding allocation calculation, from a data source listed in the Interlocal Agreement. Using population estimates from different data sources may cause inconsistencies in the estimates due to varied population determination methods used by each source.

We recommend PPLC Management:

Use the Pinellas County Planning Department data source for unincorporated population estimates in compliance with the Interlocal Agreement.

Management Response:

Management Concurs. Unincorporated population figures had to be gathered from a third source, not listed in the Interlocal Agreement. The Board modified the Interlocal Agreement to include the Pinellas County Planning Department's data source. The BCC approved the Interlocal Agreement on September 25, 2018.

8. There Is No Independent Verification Of The Payment Checks.

On a monthly basis, the PPLC Office Manager (Manager) logs all invoices that require payment into the online QuickBooks application, an accounting software used at the PPLC for all financial transactions. A staff member at the CPA firm that performs accounting services for the PPLC generates and prints the checks in QuickBooks from the CPA firm's Oldsmar office based on the invoice log created by the Manager. Subsequently, the Manager drives to the CPA firm's office in Oldsmar, picks up the checks, returns to the PPLC office in Clearwater, and matches each generated check to the original invoice to validate that information on each check is correct.

The following two signatories are on the checks: the PPLC Board Chair and the PPLC Executive Director. Once all checks are reconciled to the invoices, the Manager contacts the signatories, who review the checks and supporting documentation, and sign all checks. Once the checks are properly authorized, the Manager notes each check number and the date mailed on the corresponding voucher, mails the checks, and files the supporting documentation at the PPLC office. The CPA firm staff performs monthly bank reconciliations.

This procedure requires improvement because the Manager does not provide the CPA firm staff the original supporting documentation for the checks. In addition, the Manager spends approximately one hour of her work time per month driving 24.4 miles round trip from the office in Clearwater to the CPA office in Oldsmar to pick up the checks. The PPLC reimburses her mileage at approximately $11 per trip. The PPLC reimburses staff at $0.445 per mile traveled, which is based on Florida Statute 112.061(7)(d)1.a.

The PPLC did not design the invoice payment process to allow for the independent verification of the check information prior to check printing.

The lack of independent reconciliation may lead to printed checks containing erroneous information. The reconciliation of each printed payment check to the original invoices performed afterwards by the PPLC Manager is not efficient or effective, since the Manager does it after the CPA firm prints the checks and is the individual who initially entered the invoice information into QuickBooks. Therefore, the Manager is reviewing her own work.

Proper internal controls over issuing checks require an individual issuing checks verify supporting documentation to ensure the vendor name, address, and the check amount are correct prior to printing the checks.

We recommend PPLC Management:

A. Develop and implement an independent verification process that requires the CPA firm staff to reconcile the invoices to the checks prior to check printing.

B. Consider the use of an overnight service to ship printed checks or hire a CPA firm located in closer proximity to the PPLC office.

Management Response:

Management Does Not Concur.

The process described in this finding is not entirely accurate. Actual processes are:

1. The Office Manager receives and prepares incoming AP invoices. Invoices are matched with P.O.s, quotes, proposals, and other documentation that has been pre-approved by the Countywide Services Coordinator (when appropriate) and the Executive Director.
2. After AP invoices are prepared for payment, each one is reviewed and approved by the Executive Director.
3. The Office Manager enters each payment into QuickBooks and produces an AP file. The AP file is emailed to PDR Accounting.
4. PDR staff prints the checks and informs the Office Manager they are ready for pick up.
5. Office Manager picks up checks.
6. Board Chair reviews AP file including invoices, quotes, purchase orders, approval vouchers, and proposals.
7. Board Chair Signs checks.
8. Executive Director signs checks.
9. Office Manager processes and distributes payments.

Note: 2014-2017 a courier service was used to deliver AP file and printed checks to PPLC for signatures and final processing. Due to the fees and errors, it was determined that having the Office Manager pick up the checks would save money and protect the integrity of the process.

Inspector General Comment:

During the course of this audit, we discussed this process several times resulting in management updating the process during the audit. We reiterate our finding and recommendations. When we conduct a follow-up audit, the process will be reviewed to determine if adequate internal controls are in place.

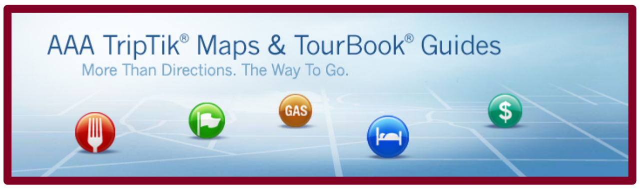
9. Mileage Reimbursement Requests Are Not Sufficiently Supported.

The old PPLC Staff Mileage Report, revised in September 2006, did not provide a column to document the purpose of the travel. On October 15, 2015, the PPLC developed and implemented a new Staff Mileage Report that included a column for the purpose of the travel. However, the revised Staff Mileage Report did not require supporting documentation for the mileage claimed. Staff completes the Staff Mileage Report and provides it to the Executive Director with no supporting documentation for the distance traveled. The Executive Director stated she validates the mileage by going online and calculating each trip distance to ensure the mileage is correct. The PPLC reimburses staff at $0.445 per mile traveled, based on Florida Statute 112.061(7)(d)1.a.

According to the Travel Pre-Pay or Reimbursement section of the PPLC Travel Policies document:

> *"Automobile mileage shall be paid at the State rate and shall be reimbursed using the traveler's log and/or current AAA mileage."*

The Staff Mileage Report does not require supporting documentation for the mileage claimed and does not include instructions to attach the trip distance obtained from the current American Automobile Association (AAA) mileage calculator. Instead, staff estimates the mileage and provides it to the Executive Director without support. Therefore, staff does not properly document and validate the mileage.



Staff should support mileage submitted for reimbursement with the trip distance obtained from the current online AAA mileage calculator, also known as the TripTik application, as stated in the PPLC Travel Policies.

We recommend PPLC Management:

Update the Staff Mileage Report to require staff to provide the trip map, including the exact distance traveled, using the AAA online TripTik application or a similar tool.

Management Response:

Management Partially Concurs. Until 2015, the PPLC Policy Manual was followed, which does not require supporting documentation for the mileage claimed. Management began requiring supporting documentation in 2016, and the policy is undergoing revision currently.

10. The Sale Of The PPLC Owned Car May Be Perceived As A Conflict Of Interest.

A former PPLC Executive Director, who left employment at the PPLC on August 1, 2013, drove a 2008 Toyota Camry based on an employment agreement with the PPLC. The former Executive Director used this car to commute to and from home in Sarasota and drive to PPLC related meetings and events. The new PPLC Executive Director decided to sell the car. The former PPLC Facilities Director obtained an estimated value for the car from a consumer finance company located in Clearwater on October 1, 2014. At the time of the appraisal, the car's odometer stated 234,315 miles, and the consumer finance company estimated the "book out" value as follows:

2008 Toyota Camry 234,315 miles "Book Out" Value	
Clean	$5,175
Average	$3,775
Rough	$2,575

The PPLC Executive Director stated that upon receiving the valuation, she decided to sell the car independently. She informed PPLC staff about the opportunity to purchase the car, but staff members were not interested. Therefore, the PPLC Executive Director made a decision to purchase it. The PPLC Executive Director bought the car for $2,350 ($225 less than the rough estimated value) on September 18, 2015. The PPLC Chairman of the Board at that time authorized the sale. At the time of sale, the odometer was 243,513 as noted on the Notice of Sale. Therefore, the mileage was 9,198 more than at the time of appraisal (234,315); consequently, the lower sale price may have been justified. However, there was no written explanation for the lower sale price and no updated car appraisal on file.

The PPLC Executive Director did not offer the car for sale to the public. In addition, the Executive Director paid $225 less than the lowest estimated “book out” value provided by the consumer finance company. Even though the Chairman of the Board approved the transaction, the purchase implied a conflict of interest since the PPLC Executive Director purchased a car not offered for sale to the public, and she purchased the car for her husband at a price $225 lower than the rough condition appraisal. In addition, the former PPLC Facilities Director obtained the car appraisal from only one source. Moreover, the consumer finance company offers car-financing programs to customers and dealers and is not in the car selling business. The former Facilities Manager dealt with this company previously and contacted them for the appraisal of the Toyota Camry "as a favor.” According to the PPLC Executive Director, a representative from the consumer finance company performed an inspection of the vehicle in person.

There is no Conflict of Interest policy for the PPLC staff to reference in a situation such as the sale of a PPLC vehicle.

According to the Business Dictionary, a conflict of interest is defined as follows:

> *"A situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest."*

Florida Statute 112.311(5) states:

> *"…no officer or employee of a state agency or of a county, city, or other political subdivision of the state... shall have any interest, financial or otherwise, direct or indirect; engage in any business transaction or professional activity; or incur any obligation of any nature which is in substantial conflict with the proper discharge of his or her duties in the public interest. To implement this policy and strengthen the faith and confidence of the people of the state in their government, there is enacted a code of ethics setting forth standards of conduct required of state, county, and city officers and employees, and of officers and employees of other political subdivisions of the state, in the performance of their official duties. It is the intent of the Legislature that this code shall serve not only as a guide for the official conduct of public servants in this state, but also as a basis for discipline of those who violate the provisions of this part."*

The sale of the PPLC owned car to the PPLC Executive Director may be perceived as a conflict of interest, because the PPLC Executive Director had an advantage based on her position to purchase the car. The car was not offered for sale to the general public, the car appraisal was provided by a company as a "favor," and the sale price was lower than the appraised rough condition value.

The PPLC Management and staff should perform their PPLC related duties consciously avoiding any situations where there may be any appearance of a personal benefit from the actions or decisions made in their official capacity.

We recommend the Board:

A. Develop and document a conflict of interest policy that clearly defines standards of professional behavior.

B. Ensure each PPLC staff member reads and acknowledges the receipt and agreement with the policy.

C. Develop, document, and implement a transparent process for the sale of PPLC vehicles.

Management Response:

Management Partially Concurs. The sale of the PPLC owned vehicle, a 2008 Toyota Camry with 243,513 miles on the odometer, violated no PPLC policies. The car was offered at a reduced price of $2,350 for several reasons. The vehicle had been involved in 3 collisions, all 4 tires had dry rot and needed to be replaced, and the vehicle needed transmission work.

Based on the known condition of the vehicle, the vehicle was first offered to PPLC staff for the price of $2,350 with full disclosure of the problems. One staff member immediately expressed interest, but month after month was unable to pay cash for the vehicle. PPLC Management is unequipped to deal with the public when disposing assets (people calling, wanting to test drive, haggle on price, etc.). Toyota dealership was not interested in purchasing a vehicle in rough condition with high miles.

The discrepancy on mileage was an error by the appraiser. When the vehicle was last serviced (August 14, 2014) the odometer reading was 242,900. When the vehicle was purchased (a year later) the odometer reading was 243,513. Mileage difference was only 613 miles as the vehicle was in use by the Interim Director until October 2014. The vehicle sat unused in the PPLC parking lot from October 2014 until it was sold.

Management will work with the Board to include an Asset Disposition Policy in the Internal Controls Policies.

11. The PPLC Did Not Reflect The Remaining Funds From The Barbara Bush Foundation In The PPLC Financial Statements.

As of the end of FY 2017, the PPLC did not expend the entirety of the funds received from the Barbara Bush Foundation (Foundation) and did not have a journal entry to reflect the remaining balance from the grant carried forward to FY 2018 for restricted purposes.

On July 3, 2014, the PPLC received an email from the Foundation stating it would no longer be able to sustain the DLC program. The PPLC received the last check from the Foundation on July 14, 2014, and posted it to QuickBooks on July 24, 2014. We compared the total checks received from the Foundation ($22,500) to the total expenditures ($19,793) posted to the sub-ledgers assigned to the Foundation for the period of October 2013 through September 2014. While the funds were properly expended for DLC activities, the accounts were out of balance by $2,707. Pursuant to our inquiry about the discrepancy, PPLC Management performed an internal investigation and explained the PPLC's internal auditor had concluded, *"It was immaterial (and below [their] threshold for a trivial misstatement) to classify the difference of $2,707.24 as temporarily restricted."* Therefore, the PPLC never restricted the remaining Foundation funds.

Two of the basic elements of a grant are the amount and purpose of the grant. According to the Foundation grant agreement, the funded program is to *"deliver a reading instruction program for parents or primary caregivers and their children in need of literacy services."* The DLC is a library-based literacy program for deaf individuals and their families. Hence, the funds are to be used solely in support of the DLC program. To that end, it is important for the PPLC to properly track and allocate the funds received to the DLC program. If the PPLC uses the funds for anything other than the DLC program, the PPLC would be in breach of the agreement.

We recommend PPLC Management:

A. Complete a journal entry to reflect the remaining funds being carried over from FY 2017 to FY 2018 for the DLC program expenditures.

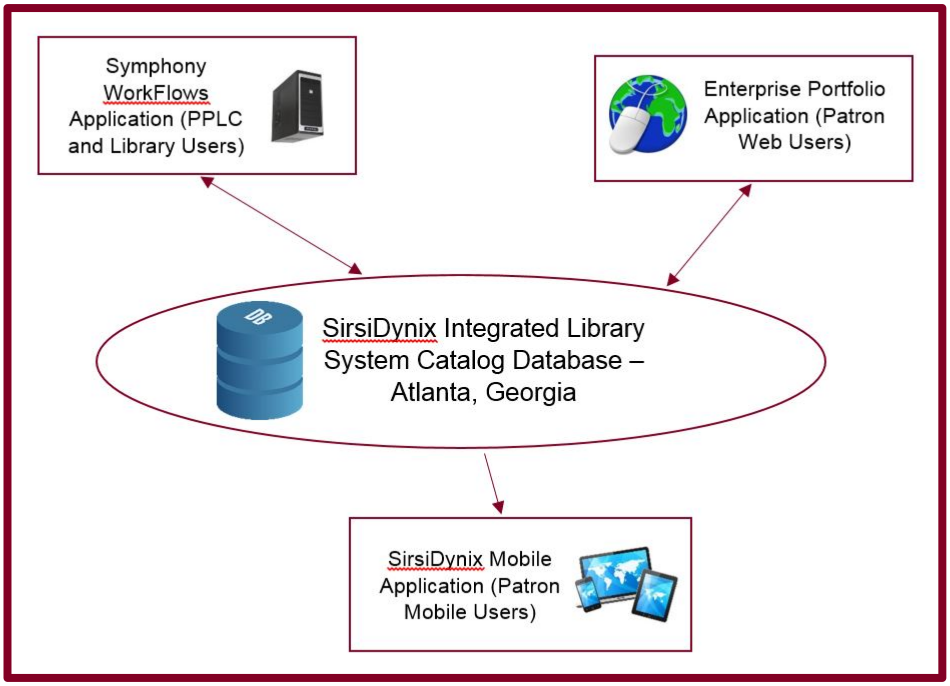
B. Ensure the funds are restricted and expended solely on the DLC program as per the grant agreement.

Management Response:

Management Partially Concurs. The PPLC Internal Auditor set the fund as temporarily restricted, until the balance was expended in 2018. The funds were expended solely on the DLC program as stipulated in the grant agreement.

12. The PPLC Has Not Implemented Policies And Procedures Governing The SirsiDynix Integrated Library System.

The PPLC has not implemented policies and procedures governing the overall operation, use, and user administration of its ILS. The SirsiDynix Corporation produced the ILS, which the PPLC and the 14 Pinellas County member libraries have used since March 2016. There are multiple means of accessing the ILS depending on the user type. PPLC and library employees use the SirsiDynix Symphony WorkFlows application, which is loaded on their individual workstations. Library patrons use a web-based application known as SirsiDynix Enterprise Portfolio. SirsiDynix also offers a mobile library catalog application available to Apple and Android mobile device patron users. Each of these three applications connects to the master library catalog database, which is located in Atlanta, Georgia. See the diagram of the SirsiDynix ILS and application connections below.



The Symphony WorkFlows application provides a connection to the catalog of items, primarily books, for each member library. Each library has catalog librarians who are responsible for adding new items to the ILS. In addition, Symphony WorkFlows provides the ability to allocate funds for book purchases and create electronic orders for book inventory. Not all member libraries use this functionality, and the system does not process actual funds. Symphony WorkFlows also tracks overdue fines, but each member library uses its own accounting system to process fine payments and make inventory purchases. SirsiDynix has not customized Symphony WorkFlows for Pinellas County with the exception of individual reports.

PPLC and library employee access to the ILS is categorized as one of the following three user types: staff, supervisor, or administrator. Each level of access is governed by profile permissions, which can be as specific as possible so a user only has access to the resources required to perform his/her job duties. The patron user type has access to the public ILS functions, such as book checkouts, holds, and renewals.

Authorized library and PPLC employees perform ILS user administration in the Symphony WorkFlows application. User administration entails the creation of new ILS users, maintenance of existing users, and removal of unnecessary users. Staff and supervisors can only create new users who have lesser permissions. For example, a supervisor can create a new staff or patron account, but not an additional supervisor account. Administrators can create any new user type. Each of the PPLC and library employee user types can create new patron catalog users. A prospective patron user can start his/her new user request online and visit the member library to request his/her library card and finalize the account setup. Patrons must also establish a personal identification number to access their online Enterprise Portfolio accounts.

Upon separation of employment, the PPLC Technology Coordinator begins the process to delete a staff or supervisor user based on termination information provided by the corresponding library.

The associated user account is initially suspended and eventually purged based on a five-year retention schedule. The PPLC Technology Coordinator will also purge patron users from the system if they request removal or if their accounts have been unused for five years.

As of September 30, 2017, there were 550,487 ILS patron users. Due to the large number of patron users and the minimal permissions granted for those accounts, we focused our review on staff, supervisor, and administrator ILS user accounts. The PPLC provided lists of staff, supervisor, and administrator user accounts on October 31, 2017. Specific to each user list, we performed research and inquired of PPLC staff to verify each user account belonged to a current employee whose job duties required the provided access. As a result, we concluded there were weak user access controls for the staff and supervisor accounts. We noted the following issues with 74 of the 290 staff user accounts:

- There were 59 user accounts not assigned to a particular person that were instead identified generically. For example, there were accounts named "Staff." Prior to our user account review, PPLC staff acknowledged generic user accounts were an issue.
- There were 13 user accounts assigned to former employees. After we inquired about these user accounts, PPLC staff stated it removed or was in the process of removing the majority of these user accounts because of our review.
- There were two unnecessary duplicate user accounts. After we inquired about these user accounts, PPLC staff stated it would remove the unnecessary duplicate user accounts and retain the original user accounts.

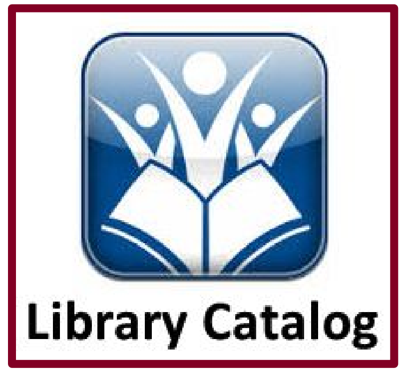
We noted the following issues with 60 of the 234 supervisor user accounts:

- There were 25 user accounts not assigned to a particular person that were instead identified generically. For example, there were accounts named "supervisor." Prior to our user account review, PPLC staff acknowledged generic user accounts were an issue.
- There were 14 user accounts that did not require supervisor access based on reviewing the users' associated job duties. After we inquired about these user accounts, PPLC staff stated it reduced the access of the majority of these user accounts to the staff level because of our review.
- There were 16 user accounts assigned to former employees. After we inquired about these user accounts, PPLC staff stated it removed or was in the process of removing these user accounts because of our review.
- There were four unnecessary duplicate user accounts. After we inquired about these user accounts, PPLC staff stated it removed the unnecessary duplicate user accounts and retained the original user accounts.
- There was one user account assigned to an incorrect library, which PPLC staff corrected after we identified the account.

The PPLC is in the process of updating its policies and procedures and currently has none for the Symphony WorkFlows application to address its functionality, use, and administration of user access. The Enterprise Portfolio patron application has a comprehensive help page to assist patrons in performing common website and patron catalog functions.

The PPLC has used the SirsiDynix ILS for approximately two years. Multiple changes to the PPLC office staff have occurred in recent years, which have delayed the creation of policies and procedures. Although the PPLC is in the process of updating its policies and procedures, it has not created policies and procedures for the Symphony WorkFlows application.

The lack of formal policies and procedures governing the overall operation and use of the Symphony WorkFlows application increases the risk that staff could incorrectly perform user functions. This could result in inaccurate catalog or patron data used to generate agency statistical reports. In addition, the lack of user access procedures could result in unauthorized or unidentified ILS users accidentally or intentionally misusing and/or altering agency data. The ability of several different users to create new staff user accounts could also lead to inconsistencies in user setup.



The use of generic accounts limits the ability to correlate transaction history to the responsible employees. An incorrect library assignment in the user profile also complicates contacting the associated employee. Additionally, duplicate user accounts cause confusion as to which user account is active.

The PPLC should have formal policies and procedures governing the overall operation, use, and user administration of the Symphony WorkFlows application. The procedures should be sufficiently thorough to assist library users in understanding how the system operates and to guide them in the performance of their required job duties.

User administration procedures should clearly explain the process to add and remove ILS users while providing the required user permissions and settings assignment methodology. The PPLC should strictly enforce the principle of least privilege to ensure a user cannot view or edit restricted data or perform functions that are outside the scope of his/her job duties. All user accounts should be uniquely identifiable with accurate profile information, and each employee should only be assigned one user account unless there is a documented and approved business purpose for having more than one user account. Moreover, the PPLC should remove the system access of separated employees as part of the employee off-boarding process. The PPLC should periodically review user accounts for necessity and accuracy. In order to ensure the standardization of user setup, one central administrator ideally should perform user administration responsibilities or a designated backup in the event the administrator cannot perform his/her duties.

***We recommend PPLC Management*:**

A. Address the specific staff and supervisor ILS user account issues we identified during the audit to reduce or remove unnecessary access.

B. Work with the member libraries to create formal policies and procedures governing the operation, use, and user administration functions of the Symphony WorkFlows application.

C. Develop policies and procedures to review all ILS user accounts periodically and reduce or remove unnecessary access, and update user profiles as necessary.

D. Distribute the Symphony WorkFlows policies and procedures, once finalized, to all library and PPLC users.

Management Response:

Management Concurs. Management uses industry standard operating procedures to manage the ILS. Communication between Member Libraries and the PPLC Technology Coordinator needs improvement. Written policies will be developed in collaboration with member library staff.

13. The PPLC Lacks Current Policies And Procedures.

During our review of the PPLC Policies and Procedures, we noted outdated policies and procedures, as follows:

A. There Are No Current Policies And Procedures For The Asset Control.

The PPLC reported plant assets in its 2016 financial statements valued at $1,116,741, which consisted of the following:

2016 Plant Assets	Description	Value	Useful Life
Land	Parcel of land at 1330 Cleveland Street, Clearwater, FL	$ 106,250	N/A
Building and Improvements	PPLC Building located at 1330 Cleveland Street, Clearwater, FL	1,643,499	10-39 years
Furniture	All furnishings at the PPLC building	106,932	7-10 years
Equipment	All information technology, audio visual, and other equipment at the PPLC	233,344	3-10 years
Software Database	Literature Resource Library	359,750	10 years
Vehicles	Ford Econoline van (sold in 2017)	24,525	5 years
Signs	PPLC sign in the parking lot	1,078	10 years
Less Accumulated Depreciation		(1,358,637)	
	Total	**$1,116,741**	

The Facilities Director, who retired in January of 2017, performed the annual inventory of assets at the PPLC. The PPLC eliminated this position since that time. The Inventory Control section of the PPLC's Grant Proposals document states the following regarding assets:

> *"All furniture and equipment over $1,000.00 shall have PPLC ownership labels attached. Inventory shall be done annually in September. Warranties and other documents shall be filed in business office files."*

The PPLC last revised these procedures on April 5, 2002. The PPLC Management did not review the existing policies and procedures or develop new policies and procedures for asset control. As a result, policies and procedures addressing asset control at the PPLC are obsolete.

In addition, we contacted the PPLC's CPA firm and determined the software database asset identified in the financial statements referred to the Literature Resource Library. The PPLC acquired this asset 14 years ago, and it has been on the books since that time despite reaching its useful life and being fully depreciated. The CPA firm kept the asset on the books under the assumption the PPLC continued to use it. However, the PPLC Executive Director confirmed the asset is no longer in use.

A lack of current policies and procedures for the asset control at the organization results in a risk that the assets are not accounted for, misused, or misappropriated. There is also a risk that the PPLC may not accurately report assets on the financial statements resulting in a material misstatement. An inventory of assets is also required to file with the insurance company in case of a claim due to fire, water damage, etc.

In order to safeguard the assets, the PPLC should develop and implement policies and procedures that promote strong internal controls. The policies and procedures should address asset acquisition, disposition, and a periodic physical inventory. The PPLC should periodically update the policies and procedures to reflect the current processes in place.

B. Current Contract Policies And Procedures Need Improvement.

The current PPLC policies and procedures related to contracts require revision.

The PPLC's Business Practices – General Policies document, last revised January 26, 2010, states the following regarding vendor contracts:

> *"In selecting vendors or contractors, the Cooperative shall review proposals for compliance with requests, shall ask for references wherever possible, shall verify progress to completion and shall reserve the right to include liquidated damages clauses in specific contracts when deemed necessary*."

The Signatories section of the PPLC's Grant Proposals document, last revised April 5, 2002, states the following:

"Business contracts for operations and purchase orders for budgeted services/ materials may be signed by the Executive Director."

The policies do not identify who at the PPLC is responsible for the establishment and oversight of a vendor contract. The lack of specificity and directive leaves room for possible contract mismanagement and a potential conflict of interest.

The Executive Director explained that when the PPLC needs a vendor, she publishes a request for proposal to the community. Upon receipt of the bids, she reviews and selects the vendor that meets the PPLC's needs. The Board is not involved in the approval process. This absence of segregation of duties also creates an opportunity for a conflict of interest.

Although the PPLC's Grant Proposals document allows the Executive Director to execute *"Business contracts for operations and purchase orders for budgeted services…,"* it is advisable for the Board to set a threshold on the size of these contracts. Board approval should be required for contracts over this threshold.

The PPLC has not revised its contract policies and procedures since 2010. Moreover, the lack of clarity in the policies and procedures may lead to contract mismanagement, segregation of duties issues, and conflicts of interest.

Policies and procedures are an essential part of any organization and provide a road map for day-to-day operations. They ensure compliance with laws and regulations, give guidance for decision-making, and streamline internal processes. Consequently, the PPLC should periodically update its policies and procedures.

We recommend PPLC Management:

A. Complete the following in regard to asset control policies and procedures:

   1. Update and implement the asset control policies and procedures to reflect the current processes in place.
   2. Maintain a list of all on-site office equipment.
   3. Remove the obsolete software database asset from the financial statements.

We recommend the Board:

B. Complete the following in regard to contract execution and management policies and procedures:

   1. Revise the policies and procedures on contract execution and management to identify clearly the individual roles and responsibilities.
   2. Establish the dollar thresholds for contracts that require Board approval.

We recommend PPLC Management:

C. Complete the following in regard to contract execution and management policies and procedures:

1. Document and implement the new contract execution and management policies and procedures.
2. Establish adequate segregation of duties in the execution of vendor contracts.

Management Response:

A. **Management Concurs.** Management will work with the Board to develop all Internal Control Policies.

B. **Management Concurs.** All PPLC Policies will be reviewed and revised collaboratively by Management and the Board.

14. The Current Grant Proposal And Approval Process Is Not Reflective Of The PPLC's Policies And Procedures.

The current grant proposal and approval process is different from the one prescribed by the effective PPLC policies and procedures. The current process is such that the County Wide Services Coordinator drafts the grant proposals and then submits them to the Executive Director for final review and approval prior to submission. The Board is not involved in the process.

The Interlocal Agreement states the following in Section III(6):

"The duties of the Board of Directors shall include, but not be limited to:

- *Managing the affairs of the Cooperative…*
- *Establishing administrative policy for the operation of the Cooperative;*
- *Receiving and disbursing funds from local, state and federal sources and entering into arrangements as appropriate in connection therewith, and receiving and disbursing funds from Members without libraries participating in the Cooperative…*
- *Employing and directing an Executive Director."*

In order to fulfill these duties, the Board needs to be aware of the funds granted to the PPLC. Hence, there is a need for Board approval prior to grant proposal submission.

The PPLC has been under new management since 2014. The Board has since transferred the grant review and approval function to the Executive Director. According to the Executive

Director, the PPLC last revised its policies and procedures manual in 2010. While it is evident the PPLC needs to revise its policies and procedures manual, the procedures prescribed for the execution of a grant are still viable. Regarding the grant proposal and approval process, the PPLC Grant Proposals' policies and procedures document states the following:

> *"The Executive Director should receive the consent of the Board before preparing a grant proposal requiring matching funds or continuing commitment... The consent is to the preparation of the proposal and is not the final approval of the grant proposal. The Executive Director may obtain such consent at the regularly scheduled meeting of the Board or by a poll of the Board either by mail or telephone."*

The current process impedes the Board's ability to perform some of the duties prescribed by the Interlocal Agreement. In their management role over the PPLC, the Board needs to be involved in the new fund acquisition.

Policies and procedures are meant to influence and define all major decisions and actions within an organization. Complying with them ensures that everyone within the organization performs their tasks from the same established core principles they represent.

We recommend the Board:

A. Review, modify, and approve the current grant proposal and approval process ensuring its compliance with the Interlocal Agreement language related to the Board's duties.

B. Update the Interlocal Agreement between the BCC and the PPLC to reflect the agreed upon grant proposal and approval process.

Management Response:

Management Concurs. All PPLC Policies will be reviewed and revised collaboratively by Management and the Board.

Division of Inspector General

Ken Burke, CPA
Clerk of the Circuit Court
& Comptroller
Pinellas County, Florida

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