



Nova Southeastern University Joint-Use
Library Agreement:
Review of Public Usage

Office of the County Auditor
Audit Report

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OFFICE OF THE COUNTY AUDITOR

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Honorable Mayor and Board of County Commissioners

We have conducted our review of public usage of the Alvin Sherman Library as required by the Nova Southeastern University Joint-Use Library Agreement.

Under the County's Joint-Use Library Agreement with Nova Southeastern University, the amount of County funding participation is based on the percentage of public participation. We conclude that public usage for the Joint-Use Library based on circulation is 70%. According to the Agreement, we conclude the County is responsible for 50% of the annual operating expenses for the period July 1, 2017 – June 30, 2022.

We appreciate the cooperation and assistance provided by Nova Southeastern University and the Broward County Libraries Division throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

cc: Bertha Henry, County Administrator
Andrew Meyers, County Attorney
Kelvin Watson, Director of Libraries

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EXECUTIVE SUMMARY

We conducted an audit of public usage of the Nova Southeastern University (NSU) Joint-Use Alvin Sherman Library (“Joint-Use Library”) as required by the Joint-Use Library Agreement (“Agreement”). The agreement requires that the University and the County perform a review of the Joint-Use library’s public usage every 5 years. The result of the review will determine whether the County funds 40% to 50% of the Joint-Use library’s annual operating budget for the next five years (through June 30, 2022).

We conclude that the process for collecting and reporting the measures of public usage for the audit period are generally appropriate. We also conclude that public usage for the Joint-Use Library based on circulation is 70%. According to the Agreement, we conclude the County is responsible for 50% of the annual operating expenses for the period July 1, 2017 – June 30, 2022.

NSU Joint-Use Library could not provide registration applications for four of 30 patrons sampled to support the classification of those patrons within Sierra (circulation process software). Not maintaining the registration applications reduces management’s ability to support the classification of patrons used to calculate usage.

NSU retains all circulation item check out transaction data; however, we noted that Sierra can only display the last two items checked in per patron, reducing management’s ability to detect fictitious transactions. It is a good business practice to retain, where possible, a complete record of transactions.

We also noted other Opportunities for Improvement relating to administrative and back-up processes. Our report contains a total of four recommendations for improvement.

INTRODUCTION

Scope and Methodology

We conducted a review of public usage of the Nova Southeastern University (NSU) Joint-Use Alvin Sherman Library (“Joint-Use Library”) as required by the Joint-Use Library Agreement (“Agreement”). Our objectives were to evaluate the process for collecting and reporting the measures of public usage at the Joint-Use Library for the audit period, and to validate the accuracy of the public usage number reported by the Joint-Use Library.

To evaluate the process for collecting and reporting the measures of public usage for the audit period, we reviewed the Circulation Department Policy and Procedure Manual, tested a sample of patrons, reviewed patron account duplication review procedures, patron registration application review procedures, circulation item checkout procedures, circulation item checkout reporting procedures, and reviewed the change management, access controls, and data backup procedures for the Sierra Integrated Library System (“Sierra”).

To validate the accuracy of the public usage number reported by the Joint-Use Library, we recalculated the public usage percentage using the system generated circulation numbers specific to the Joint-Use Library.

Our review included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The review period was from January 1, 2016 through December 31, 2016. However, transactions, processes, and situations reviewed were not limited by the review period.

Overall Conclusion

We conclude that the process for collecting and reporting the measures of public usage for the review period are generally appropriate. We also conclude that public usage for the Joint-Use Library based on circulation is 70%. According to the Agreement, we conclude the County is responsible for 50% of the annual operating expenses for the period July 1, 2017 – June 30, 2022.

During the course of our review, we noted opportunities for improvement which are included in this report.

Background

Nova Southeastern University Joint-Use Library Agreement

On December 14, 1999 (Agenda Item 80), the Board of County Commissioners approved an agreement with Nova Southeastern University (“NSU”) for the design, construction, and operation of a Joint-Use library and parking garage located on NSU’s main campus in Davie, Florida. The Agreement provides for a joint-use library supported by County funding for a portion of capital construction costs and subsequent operational expenses for a term of 40 years.

The Joint-Use Library opened on December 8, 2001 and the agreement required the County to pay 40% of annual operating costs for the first five fiscal years; however, during the last six months of the 5th, 10th, 15th, 20th, 25th, and 35th Joint-Use Library’ fiscal years of operation, there shall be a review of the usage records for the library for the prior 12 months. Should public usage represent greater than 40% of total patronage, County funding is subject to increase to that percentage, not to exceed 50% of annual operating expenses. The County’s percentage share of the annual operating expenses shall never be more than 50% or less than 40%. The Agreement defines usage as physical entry into the facility, or circulation of materials, or use of on-line resources.

Members of the public have access to the Joint-Use Library which offers programming for children and adults, as well as special exhibits. Once an individual demonstrates that they live, work or attend school in Broward County (“Public Patrons”), they are eligible to apply for a Joint-Use Library card. Once a library card is approved, public patrons are permitted to use circulation materials, databases, study rooms, conference rooms, computer terminals, interlibrary loan, reference materials, and electronic classrooms.

Public Usage Percentages

Our Office attempted to perform a review of the usage records for the 5th fiscal year (January 1, 2006 to December 31, 2006) of the agreement using circulation of materials; however we noted that NSU retained limited records of circulation activity, the details of which were not sufficient to validate reported usage via circulation. An alternate measurement period (June 1, 2007 to May 31, 2008) was selected and we concluded that the average percentage of public circulation usage was **54.0%**. Therefore, the County should pay 50% of the Joint-use library operating expenses.

Contract Amendments FY 2007 through FY 2015

There were nine contract amendments during FY 2007 through FY 2015. Eight of these amendments authorized reductions in the County’s funding due to property tax revenue reductions. As a result of these amendments, the Office of County Auditor did not review the percentage of public usage for the 10th fiscal year (January 1, 2011 to December 31, 2011). This percentage would have applied to County funding for NSU fiscal years 2012 through 2016. Table 1 shows the percentage of funding for NSU fiscal years 2012 through 2016 which reflect the reductions in County funding. A history of the contract amendments and public usage percentages is outlined in the Appendix A.

| Table 1: Percentage of Funding for NSU Fiscal Years 2012 through 2016 | | | |
|--|--|---|--|
| NSU FY Ended Jun 30 | Joint-use Library Actual Net Expenses | Actual County Payments Recorded by NSU | Actual County Payment as % of Actual Net Expenses |
| 2012 | \$8,425,804 | \$3,650,367 | 43.3% |
| 2013 | \$9,105,609 | \$3,665,682 | 40.3% |
| 2014 | \$9,792,013 | \$3,720,261 | 38.0% |
| 2015 | \$9,706,548 | \$3,739,002 | 38.5% |
| 2016 | \$9,416,825 | \$3,777,972 | 40.1% |

*Source: Nova Southeastern University Schedules of Expenses, provided by, University Controller
Amounts above do not include the County payments to NSU of approximately \$780,000 each year for materials*

Current Measurement Period (15th Fiscal Year) – January 1, 2016 to December 31, 2016

The scope of our current review is the reported percentage of public usage for the usage measurement January 1, 2016 through December 31, 2016. The usage percentage for this period would apply to County funding for NSU fiscal years 2018 through 2022.

We reviewed the three methods of calculating usage under the Agreement and determined that Circulation of materials is the only measure subject to consistent controls that could produce recorded, discrete transactions to substantiate reported usage levels. NSU reported 65% public usage of the Alvin Sherman Joint-Use Library based on circulation for the period January 1, 2016 to December 31, 2016.

Library Information Systems

The Joint-Use Library utilizes Sierra to manage the circulation process. Sierra is managed by the vendor, Innovative Interfaces, Inc., and provides automated workflows that handle library processes. NSU’s Library Systems team manages user access to the application. Innovative Interfaces, Inc. maintains the application and provides all system upgrades.

Check-out transactions are stored in the SQL database supporting the application. This data is backed up daily by NSU’s Library Systems team and stored onsite prior to being rotated to an offsite location.

OPPORTUNITIES FOR IMPROVEMENT

Our review disclosed certain policies, procedures and practices that could be improved. Our review 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. Registration Applications Should be Retained According to the Library Agreement.

NSU Joint-Use Library could not provide registration applications for four of 30 patrons sampled to support the classification of those patrons within Sierra. Section 11-i of the Agreement requires NSU to maintain usage records throughout the term of the agreement indicating the number of patrons who are NSU students and employees, and the number of patrons who are members.

Not maintaining the registration applications reduces management's ability to support the classification of patrons used to calculate usage. The applications for each month are sorted in alphabetical order and scanned into one Portable Document File (.pdf), which is not searchable. If an application is not placed in the correct alphabetical order or filed in an incorrect month, it is difficult to locate which increases the risk that a fictitious patron can be created without detection.

We recommend management enhance its current document storage procedures to ensure that patron registration applications are retained according to the Joint-Use Library Agreement.

Nova Southeastern University's Response:

The Alvin Sherman Library Circulation department will store all library card applications in an electronic archive for the duration of the Agreement.

2. Transaction Data Maintained by Sierra Should be Complete.

NSU retains all circulation item check out transaction data; however, we noted that Sierra can only display the last two items checked in per patron, reducing management's ability to detect fictitious transactions. It is a good business practice to retain, where possible, a complete record of transactions.

We recommend management work with the application vendor to determine the feasibility of retaining item check-in transaction data.

Nova Southeastern University's Response:

The application vendor, Innovative Interfaces, Inc., is now providing both checkout and check-in transactional data.

3. Backup Data Should be Stored at an Alternate Secure Site.

Production and backup data for Sierra are stored within the same building for up to two weeks prior to the backup data being sent offsite for storage which increases the risk of loss for up to two weeks of

library data. Production and backup data should be stored at separate locations to reduce the risk that a single event will affect both the production and backup data in order to facilitate recovery activities.

We recommend management consider, at minimum, storing backup data at an alternate, secure site on the university campus until the data is picked up for offsite storage.

Nova Southeastern University's Response:

NSU Library Systems has implemented procedures to transfer the backup tapes from the Alvin Sherman Library to NSU's Health Profession Division Library on a daily basis. The timeframe for tape pickup by the off-site storage vendor has been reduced.

Library Systems is working with the application vendor, Innovative Interfaces, Inc., to determine if a cloud backup solution would be a viable and cost-effective alternative.

4. User Administration Procedures Should be Enhanced

The Library Systems team manages user access to Sierra via a ticketing system; however, we noted that the ticket requests are not structured to ensure that all the information required to grant and authorize appropriate user access is consistently submitted. This practice significantly increases the risk of unauthorized access. Additional emails and verbal communication is often required to clarify the access requests. Formal documentation should be maintained of the access requested as well as management's authorization of that request.

We recommend management enhance current user administration practices by providing a structured format for requesting, removing and modifying user access to Sierra. Management should ensure that the access change requested as well as management approval of that access is clearly documented.

Nova Southeastern University's Response:

NSU Library Systems has implemented a strictly enforced policy for requesting, removing, and modifying user access to Sierra. All access requests are submitted through SysAid, the current ticketing system, with a clear explanation and documentation of the request. Without a SysAid request, there shall not be any approval.

APPENDIX

Agreement History

County Auditor Report 2007-15, Nova Southeastern University Joint-Use Library Agreement: Review of Reported Public Usage, dated April 20, 2007

During the first measurement period in the 5th fiscal year (January 1, 2006 to December 31, 2006), the Office of County Auditor reviewed the usage records maintained by NSU to validate reported public usage of the joint-use library and determined that:

- ❖ Circulation of materials was the only measure subject to consistent controls that could produce recorded, discrete transactions to substantiate reported usage levels.
- ❖ NSU retained limited records of circulation activity, the details of which were not sufficient to validate reported usage via circulation.

First Contract Amendment Highlights – October 2, 2007 (Agenda Item No. 18)

Due to significant reductions in property tax revenue and related reductions in the County's fiscal year (FY) 2008 budget, the agreement was amended and included the following pertaining to the County obligations for operating expenses:

- ❖ The parties agreed to reduce the County's obligations due during the County's FY 2008 by an amount equal to the reduction in FY 2008 Recommended Operating Budget for the Libraries Division, then 9%.
- ❖ The Broward County Auditor agreed to review changes in the NSU's circulation system by October 31, 2007, and advise if the data collected and retained by NSU was sufficient for the alternate usage measurement period of June 1, 2007 to May 31, 2008. The results of the usage measurement period will affect any adjustment to the County's percentage share of operational expenses for the period October 1, 2008, to June 30, 2012.
- ❖ For the next usage period beginning January 1, 2011, the County and NSU agreed to evaluate usage measurement methods to improve accuracy.
- ❖ NSU and the County agreed to work to resolve future issues as a result of adjustments to the County's revenues. NSU understood that operating expense for the Library should be adjusted similarly to any decrease in the County Libraries budget.
- ❖ NSU and the County agreed to delay the implementation of any change in the percentage the County pays of the operating expense until October 1, 2008.

County Auditor Report 2008-18, Nova Southeastern University Joint-Use Library Agreement: Review of Reported Public Usage from June 1, 2007 to May 31, 2008, dated July 29, 2008

As a result of our review, we concluded that patron types appear to be correctly assigned to enable usage measurement and we concluded that the average percentage of public circulation usage during the audit period was **54.0%**.

Second Contract Amendment Highlights – November 13, 2008 (Agenda Item No. 82)

Due to significant reductions in property tax revenue and related reductions in the County's FY 2009 budget. The County's FY 2009 contribution to library operating expenses and materials was further reduced by 10%. NSU agreed to reduce the NSU library budget accordingly.

Third Contract Amendment Highlights – August 25, 2009 (Agenda Item No. 42)

This amendment released the County from remaining payment obligations for parking garage construction costs in the amount of \$10,739,831 and modified the number of parking spaces available to the general public. This amendment had no effect on operating expenses or the usage measurement period.

Fourth through Ninth Contract Amendments FY 2010 through FY 2015

There were further reductions in the County's funding for FY 2010 through 2015 due to property tax revenue reductions. During the second measurement period in the 10th fiscal year (January 1, 2011 to December 31, 2011), the Office of County Auditor did not review the percentage of public usage for the usage measurement period beginning January 1, 2011 as a result of the property tax revenue reductions and resulting adjustments to County funding for the Joint-Use Library. This percentage would have applied to County funding for NSU fiscal years 2013 through 2017. Table 1 shows the percentage of funding for NSU fiscal years 2012 through 2016.