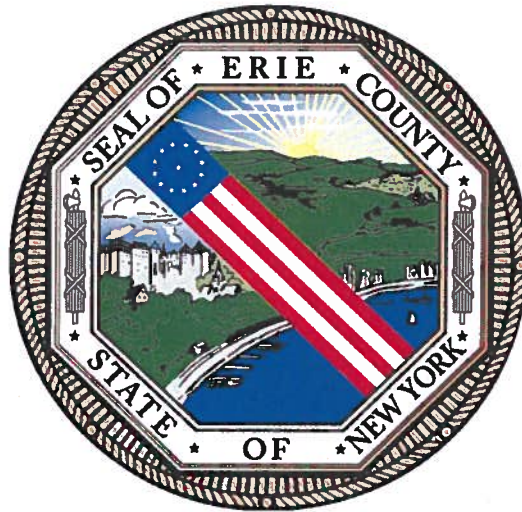


June 2014

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**AUDIT OF THE
BUFFALO & ERIE COUNTY PUBLIC LIBRARY
FOR THE PERIOD
JANUARY 1, 2011 THROUGH DECEMBER 31, 2013**



HON. STEFAN I. MYCHAJLIW

Erie County Comptroller
95 Franklin Street
Room 1100
Buffalo, NY 14202-3971

**HON. STEFAN I. MYCHAJLIW
ERIE COUNTY COMPTROLLER'S OFFICE
DIVISION OF AUDIT & CONTROL
95 FRANKLIN STREET
BUFFALO, NEW YORK 14202**



June 24, 2014

Honorable Members
Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

Dear Honorable Members:

On February 6, 2014 the Erie County Legislature passed a resolution requesting the Comptroller's Office to begin an audit of the Buffalo & Erie County Public Library (Library). On February 18, 2014 the Comptroller's Office commenced a financial audit of the Library for the period of January 1, 2011 through December 31, 2013.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. The objectives of this audit are to (1) Examine internal controls over expenditures; (2) Determine the adequacy of and consistency in budgeting for the branch libraries to ensure sufficient staffing coverage; (3) Review the Library's plan, in light of fiscal constraints, to maintain services expected/required by the public; and (4) Review compliance with any applicable laws, rules or regulations. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We believe that the policies and procedures in use by the Library provide adequate internal control over the monitoring and payment of expenditures.

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Background

The Buffalo and Erie County Public Library (Library) consists of the central library and eight branch libraries operating within the city of Buffalo. The 15 member Board of Trustees (Board) is responsible for providing oversight and policy for the library system. Accordingly, the Board appoints and supervises the Library Director who in turn acts as the administrative, executive and fiscal officer of the library. Day-to-day operations are overseen by the Director, two Deputy Directors and four Assistant Deputy Directors.

In addition, there are twenty-two independent local libraries (28 branches) providing services to various cities, towns and villages each under the direction of their own independent Board of Directors. The various municipalities or associations provide the local library buildings and related capital improvements in those facilities. General facility administration and State construction grant procurement assistance is provided by central staff. Books, equipment and funding for the local libraries is provided by the Library using County funding as noted in the budget and as outlined in the contract with each of the local library boards.

In 2013, the adopted County budget provided \$25,698,045 for the Library. There were also seven grants funded by New York State totaling \$584,761. Budgeted personal service costs for the 853 full, part-time, regular part-time and seasonal workers throughout the County's library system was \$12,842,308.

Due to concerns about the stability of their funding for the past several years, the Library has explored the creation of a special taxing district known as the Library District Initiative (LDI) in order to provide the Library with a stable source of funding in addition to the Erie County Legislature's annual budget process. The LDI would encompass all of Erie County and levy a new tax that will replace the current Library property tax. This tax would be imposed to sustain the Library and could not be appropriated for any use other than funding the Library.

Audit Finding

Failure to Procure Professional Services through Request for Proposal (RFP)

The Library signed a contract with Communication Services effective April 1, 2011 through March 31, 2013 for marketing and public relations program planning. The terms of the contract included compensation of \$3,000/month for marketing, public relations, advertising strategies, project management, training workshops, etc. In addition, services for web design, printing, mail prep, photography, and out of pocket expenses such as overnight accommodations and meals. (See Audit Observations #1)

On March 23, 2013, the Library renewed the contract with Communication Services containing essentially the same terms commencing April 1, 2013 through March 31, 2014 at \$4,000/month. During the audit period, the Library paid a total of \$99,423 to Communication Services for expenses pertaining to an initiative to create a special taxing district, LDI related expenses and an additional \$41,427 on services not pertaining to the LDI totaling \$140,850.

Pursuant to NY UNCON LAWS §6226 as provided by the Library at the outset of this audit,

“All purchases made from appropriations by the board of supervisors or other governing body of any county, of supplies and services rendered by contract for said library, shall be made under procedure provided by law for the making of purchases by the said county.”

Through our inquiry with Library management and review of Library board minutes it was noted that these contracted services were not put out to bid through the RFP process. Library management said this was a services contract because this consultant had a particular expertise in this area. If this were the case the Library should have followed the County policy regarding “Sole Source” contracts or “Professional Services” contracts.

“Sole Source (No-Bid) Contracts – When circumstances are presented to the Director of Purchase, which serve the public interest indicating valid reasons that a request can be met by only one qualified vendor, the Director of Purchase may waive the bidding requirement. Goods and services, which may be procured from only one source, are defined as “sole source” items. It is important to note that there must be a single supplier of the item or services and there are no substantial equivalents. Sole source situations generally exist when an item is manufactured by only one firm, and a vendor has the exclusive franchise or distributorship for an item.

To initiate a sole source purchase, the buyer must be confident that conditions exist in the marketplace such that the requested goods or services are available from only one supplier and no substantial equivalents exist. In making these determinations, the Division of Purchase will document the unique benefits to the County of Erie of the item or service as compared to other projects available in the marketplace.”

“Professional Services – Professional, technical or consulting services are not the type of services which may properly be the subject of competition based solely on the compliance with the objective, uniform standards of the bid specifications, pursuant to a bid being awarded to the lowest responsible bidder. The determination of whether the professional services exemption is applicable must be made on a case-by-case basis, examining the particular services needed. Generally professional services include, but are not limited to, the specialized expertise of interpreters, consultants, attorneys, engineers, or architects.

Contacts for professional, technical or other consultant services having a value of \$10,000 or more are procured by use of Requests for Proposals (RFP). The requesting department shall advertise the Request for Proposals (RFP), and designate a committee of three to review the proposals and choose a vendor as required by Erie County Administrative Code 19.08.”

After consulting with the Division of Purchase, the auditors verified that at no time did the Library contact Purchase to determine whether or not Communication Services met the sole source contract criteria to determine if they were the only firm with the ability to provide marketing, public relations, advertising strategies, project management, training workshops for the Library. Additionally, had Communication Services been deemed a professional service provider, the contract should have gone out for an RFP.

During the March 2011 Board meeting, the issue of this contract was discussed. Two board members raised concerns in contracting without an RFP process, and the true need of a consultant for this project. Please see Appendix I for a copy of the transcript.

In addition to the Board raising concerns about hiring this firm, instead of putting the services offered through RFP, the Comptroller’s Office also obtained an email between the Director of the Library and Communication Services from January 25, 2011 discussing a rate of \$3,000 per month to be paid to Communication Services for a period of 24 months as well as the Library asking which services would and would not be included in this price. Utilizing a formal RFP process, the Library could have included more clearly defined terms instead of the somewhat open ended terms that were agreed upon which provided the opportunity for excess or questionable charges. (Please See Appendix II for a copy of the email. The document has been redacted to remove names and other non-pertinent information.)

The Library did not follow the New York State Law NY UNCON LAWS §6226 requiring them to follow Erie County Policies and Procedures surrounding purchases of services. The Library should have either consulted Purchase to determine if Communication Services was a sole source provider of the services in question or advertise through a RFP.

WE RECOMMEND that in future negotiations for contracts that the Library either follow the provisions of General Municipal Law Section 103 or contact Purchase with regards to requesting services through an RFP process in order to ensure the lowest cost for services rendered. During our Exit Meeting held on 6/9/14, the Library agreed that for future negotiations for professional services the Library should request services through an RFP Process.

Audit Observations

1. Questionable Consulting Costs

During our audit, we reviewed the contract between the Library and Communications Services. We noted verbiage pertaining to the services which would and would not be included in the monthly consulting fee. The contract signed by the Library included the provision:

“Upon approval by the Library, the Library agrees to reimburse Consultant for:

- Printing, mail prep, photography, ad placement;
- Web Design, including social media, graphic design, other non-print graphic services or photography;
- All third party costs associated with the Consultants obligations under this agreement resulting in product/services listed above;
- Out of pocket expenses such as overnight accommodations and meals.”

We reviewed the invoices for the audit period and found that additional costs over and above the base contract rate totaled \$35,850 which constitutes 25% of the overall cost of \$140,850. All these costs and expenses were approved by the Director of the Library.

While we understand there will be travel costs associated working with a consultant from outside the Western New York region, Communications Services staff spent 82 days in Western New York during the audit period. This cost the Library \$14,884 for hotels, \$8,574 for mileage reimbursement to drive in from Albany, \$760 for local mileage to drive around Western New York, \$1,860 for food, and \$94 for miscellaneous snack items, “gift shop” expenses, movies, and other miscellaneous charges. These expenses total \$26,172 of the \$35,850 in addition to the monthly retainer described in Finding #1.

We also noted that the Library utilized Communication Services for both web design and logo/marketing/branding work. The Library has both a webpage designer (Web Page Master) and a marketing director (Assistant Deputy Director Library) on staff at a salary of \$39,291 and \$75,000 respectively. The services for web design and marketing that were obtained in addition to the monthly retainer for consulting and totaled \$9,677, despite two full-time employees being on staff for over \$114,000 in salary plus fringe benefits. While the Library staff would have needed assistance from Communications Services to perform these tasks, we believe that these services provided by Communications Services should have been specifically included in the contract as part of the monthly retainer.

Three logos were designed in conjunction with Communications Services at cost of \$1,500, \$187.50, and \$750 each for a total of \$2,437.50. If these services could not be performed by current Library staff employees, alternatives such as 99designs.com and fuelmybrand.com should have been explored, to see if better pricing options were available.

The charts below summarize the expenses and itemize the paid invoices to Communications Services:

Total Cost

Item/Service Purchased		2011		2012		2013		Total	
Local Mileage		\$28.00		\$356.25		\$375.75		\$760.00	
Commute Mileage		\$2,289.50		\$2,875.00		\$3,409.50		\$8,574.00	
Food (Restaurants, Cafes, etc.)		\$377.61		\$526.87		\$955.66		\$1,860.14	
Gift Shop/Snacks		\$29		\$33.92		\$8.95		\$71.87	
In Hotel Movies		\$0.00		\$5.43		\$0.00		\$5.43	
Misc Hotel charges		17.06		\$0.00		\$0.00		\$17.06	
Hotel Number of Nights	Cost	21	\$3,777.07	27	\$5,100.47	34	\$6,006.68	82	\$14,884.22
Logo Design, Marketing and Marketing Materials		\$1,500.00		\$1,683.65		\$4,094.22		\$7,277.87	
Web Design		\$86.97		\$1,937.50		\$375.00		\$2,399.47	
Total Cost		\$8,105.21		\$12,519.09		\$15,225.76		\$35,850.06	

Retainer		\$27,000		\$36,000		\$42,000		\$105,000	
Total Cost		\$35,105.21		\$48,519.09		\$57,225.76		\$140,850.06	

Check Date	Item Description	Cost
4/15/2011	Marriott Hotel (1 Night)	\$ 147.82
	Misc Hotel Charge	\$ 17.06
	Commute Mileage (575)	\$ 287.50
	Retainer	\$ 3,000.00
Total		\$ 3,452.38

Check Date	Item Description	Cost
5/20/2011	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
6/10/2011	Marriott Hotel (3 Nights)	\$ 466.20
	Commute Mileage (575)	\$ 287.50
	Gift Shop	\$ 2.20
	Gift Shop	\$ 2.20
	Gift Shop	\$ 4.60
	M Restaurant	\$ 39.88
Total		\$ 802.58

Check Date	Item Description	Cost
6/17/2011	Marriott Hotel (1 Nights)	\$ 216.07
	Local Mileage (21 Miles)	\$ 10.50
	Commute Mileage (575)	\$ 287.50
	Pepsi	\$ 1.74
	Hostess Apple Pie	\$ 1.62
	Kashi Peanut Bliss (3)	\$ 5.67
	Go Lean Crunch Bars	\$ 6.57
	1 8 piece Chicken Tenders	\$ 3.47
	Retainer	\$ 3,000.00
Total		\$ 3,533.14

Check Date	Item Description	Cost
7/1/2011	3 Year Website Registration	\$ 86.97
Total		\$ 86.97

Check Date	Item Description	Cost
7/15/2011	Marriott Hotel (4 Nights)	\$ 1,137.16
	Local Mileage (30 Miles)	\$ 15.00
	Commute Mileage (575)	\$ 287.50
	Gift Shop	\$ 2.20
	Gift Shop	\$ 2.20
	M Restaurant	\$ 20.05
	M Restaurant	\$ 38.84
	M Restaurant	\$ 8.21
Total		\$ 1,511.16

Check Date	Item Description	Cost
7/22/2011	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
8/19/2011	Marriott Hotel (1 Nights)	\$ 193.32
	Local Mileage (5 Miles)	\$ 2.50
	Commute Mileage (575)	\$ 287.50
	Dining - My Tomato Pie	\$ 13.05
	Retainer	\$ 3,000.00
Total		\$ 3,496.37

Check Date	Item Description	Cost
9/30/2011	Marriott Hotel (3 Nights)	\$ 649.90
	Commute Mileage (568)	\$ 284.00
	Fables Café	\$ 9.95
	Retainer	\$ 3,000.00
Total		\$ 3,943.85

Check Date	Item Description	Cost
10/21/2011	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
11/18/2011	Marriott Hotel (3 Nights)	\$ 386.64
	Commute Mileage (564)	\$ 284.00
	M Restaurant	\$ 69.69
	M Restaurant	\$ 22.99
	M Restaurant	\$ 10.47
	M Restaurant	\$ 44.78
	Retainer	\$ 3,000.00
Total		\$ 3,818.57

Check Date	Item Description	Cost
12/16/2011	Marriott Hotel (3 Nights)	\$ 579.96
	Commute Mileage (568)	\$ 284.00
	M Restaurant	\$ 23.52
	M Restaurant	\$ 51.50
	M Restaurant	\$ 21.21
	Design Type and Layout of Library District Initiative Logo	\$ 1,500.00
	Retainer	\$ 3,000.00
Total		\$ 5,460.19

Check Date	Item Description	Cost
1/13/2012	22,683 emails sent to opted-in contacts for NYLA Advocacy Network	\$ 368.00
	Design Type and Layout of District Initiative Fold over card	\$ 375.00
	Printing of 1,000 4-color fold over cards	\$ 870.75
	Shipping	\$ 7.40
Total		\$ 1,621.15

Check Date	Item Description	Cost
1/20/2012	Marriott Hotel (2 Nights)	\$ 375.26
	Commute Mileage (575)	\$ 287.50
	Fables Café	\$ 8.70
	M Restaurant	\$ 58.89
Total		\$ 730.35

Check Date	Item Description	Cost
2/10/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
2/17/2012	Marriott Hotel (3 Nights)	\$ 511.71
	Local Mileage (73 Miles)	\$ 36.50
	Commute Mileage (575)	\$ 287.50
	Gift Shop	\$ 1.36
	Fables Café	\$ 8.70
	Coke Zero	\$ 2.00
	Kashi Peanut Bliss (1)	\$ 1.89
	M Restaurant	\$ 19.91
	M Restaurant	\$ 5.35
	M Restaurant	\$ 32.19
	M Restaurant	\$ 23.12
	Retainer	\$ 3,000.00
Total		\$ 3,930.23

Check Date	Item Description	Cost
3/9/2012	Design Type and Layout of Talking Points Flyer	\$ 62.50
Total		\$ 62.50

Check Date	Item Description	Cost
3/16/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
4/13/2012	Marriott Hotel (2 Nights)	\$ 545.82
	Local Mileage (104 Miles)	\$ 52.00
	Commute Mileage (575)	\$ 287.50
	Gift Shop	\$ 2.00
	Fables Café	\$ 7.34
	MISC Food Charge	\$ 31.84
	McDonald's	\$ 6.84
	Fables Café	\$ 7.34
	M Restaurant	\$ 57.88
	Retainer	\$ 3,000.00
Total		\$ 3,998.56

Check Date	Item Description	Cost
5/18/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
6/1/2012	Design and Layout for Creating LDI Web Page	\$ 1,937.50
Total		\$ 1,937.50

Check Date	Item Description	Cost
6/22/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
6/29/2012	Marriott Hotel (4 Nights)	\$ 693.67
	Local Mileage (65 Miles)	\$ 32.50
	Movie	\$ 5.43
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 27.31
	Blue Fire Restaurant	\$ 42.49
	Blue Fire Restaurant	\$ 27.17
	Gift Shop	\$ 2.00
	Gift Shop	\$ 2.25
	Gift Shop	\$ 2.20
	Marriott Hotel (3 Nights)	\$ 511.71
	Local Mileage (68 Miles)	\$ 34.00
	Commute Mileage (575)	\$ 287.50
	Tina's Italian Kitchen	\$ 28.93
	Blue Fire Restaurant	\$ 20.60
	Gift Shop	\$ 2.75
	Gift Shop - Water	\$ 2.00
	Marriott Hotel (2 Nights)	\$ 341.14
	Local Mileage (35.5 Miles)	\$ 17.75
	Fables Café	\$ 9.95
Gift Shop	\$ 2.00	
Commute Mileage (575)	\$ 287.50	
Total		\$ 2,668.35

Check Date	Item Description	Cost
7/20/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
8/3/2012	Marriott Hotel (2 Nights)	\$ 386.64
	Local Mileage (41 Miles)	\$ 20.50
	Commute Mileage (575)	\$ 287.50
	Sbarro	\$ 7.54
	Tim Horton's	\$ 3.92
	Gift Shop - Soda	\$ 2.16
Total		\$ 708.26

Check Date	Item Description	Cost
8/17/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
8/31/2012	Marriott Hotel (3 Nights)	\$ 579.96
	Local Mileage (145 Miles)	\$ 72.75
	Commute Mileage (575)	\$ 287.50
	Fables Café	\$ 9.41
	Blue Fire Restaurant	\$ 16.91
	Blue Fire Restaurant	\$ 25.70
Total		\$ 992.23

Check Date	Item Description	Cost
10/5/2012	Marriott Hotel (2 Nights)	\$ 489.02
	Local Mileage (39 Miles)	\$ 19.50
	Commute Mileage (575)	\$ 287.50
	McDonalds	\$ 6.34
	Travel Plaza - Coke Zero	\$ 2.21
	Starbucks	\$ 5.18
	Blue Fire Restaurant	\$ 19.51
	Blue Fire Restaurant	\$ 16.91
	Retainer	\$ 3,000.00
Total		\$ 3,846.17

Check Date	Item Description	Cost
10/19/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
11/2/2012	Marriott Hotel (3 Nights) and Food *	\$ 665.54
	Local Mileage (141 Miles)	\$ 70.75
	Commute Mileage (575)	\$ 287.50
Total		\$ 1,023.79
*No invoices were provided with invoice to verify expenses		

Check Date	Item Description	Cost
11/16/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
12/14/2012	Retainer	\$ 3,000.00
Total		\$ 3,000.00

Check Date	Item Description	Cost
2/22/2013	Marriott Hotel (3 Nights)	\$ 545.85
	Local Mileage (55 Miles)	\$ 27.50
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 25.14
	Blue Fire Restaurant	\$ 42.49
	Gift Shop	\$ 5.06
	The Towne Restaurant	\$ 43.55
	Tim Horton's	\$ 3.89
	Fables Café	\$ 10.50
	Design and Layout LDI Leadership Team Logo	\$ 187.50
	Retainer	\$ 3,000.00
Total		\$ 4,178.98

Check Date	Item Description	Cost
3/22/2013	Marriott Hotel (5 Nights)	\$ 778.91
	Local Mileage (82 Miles)	\$ 41.00
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 45.06
	Blue Fire Restaurant	\$ 19.91
	Blue Fire Restaurant	\$ 37.54
	Blue Fire Restaurant	\$ 52.59
	Website Updates for LDI	\$ 375.00
	Design - conceptualization and layout of Info-Nation Materials	\$ 1,500.00
	Retainer	\$ 3,000.00
Total		\$ 6,137.51

Check Date	Item Description	Cost
4/19/2013	Retainer	\$ 4,000.00
Total		\$ 4,000.00

Check Date	Item Description	Cost
4/26/2013	Marriott Hotel (3 Nights)	\$ 511.71
	Local Mileage (165 Miles)	\$ 82.50
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 52.79
	Blue Fire Restaurant	\$ 23.18
	Marriott Hotel (2 Nights)	\$ 341.14
	Commute Mileage (575)	\$ 278.00
	Fables Café	\$ 12.59
	Blue Fire Restaurant	\$ 29.71
	Blue Fire Restaurant	\$ 21.31
Total		\$ 1,640.43

Check Date	Item Description	Cost
5/17/2013	Retainer	\$ 4,000.00
Total		\$ 4,000.00

Check Date	Item Description	Cost
6/14/2013	Retainer	\$ 4,000.00
Total		\$ 4,000.00

Check Date	Item Description	Cost
6/21/2013	Marriott Hotel (5 Nights)	\$ 858.54
	Commute Mileage (575)	\$ 226.50
	Blue Fire Restaurant	\$ 19.91
	Blue Fire Restaurant	\$ 30.90
	Blue Fire Restaurant	\$ 19.14
	Blue Fire Restaurant	\$ 19.31
	Fables Café	\$ 8.16
	Fables Café	\$ 38.35
	Marriott Hotel (1 Nights)	\$ 226.45
	Local Mileage (53 Miles)	\$ 26.50
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 20.91
	Design, type, and layout Hug Your Library Logo	\$ 750.00
Total		\$ 2,532.17

Check Date	Item Description	Cost
7/5/2013	Printed 4 Color	\$ 542.00
	Design, type, layout Hug Sticker (Reworking of BECPL and Librarian's Association ID	\$ 62.50
	Shipping	\$ 8.77
	NYS Sales Tax	\$ 5.00
Total		\$ 618.27

Check Date	Item Description	Cost
7/26/2013	Marriott Hotel (1 Nights)	\$ 244.51
	Local Mileage (34 Miles)	\$ 17.00
	Commute Mileage (280 Miles)	\$ 140.00
	Blue Fire Restaurant	\$ 30.62
	Marriott Hotel (1 Nights)	\$ 193.32
	Local Mileage (22 Miles)	\$ 11.00
	Commute Mileage (355 Miles)	\$ 177.50
	Blue Fire Restaurant	\$ 19.52
	Refund from 4/29-5/4 stay in Marriot	\$ (195.57)
	Fables Café	\$ 19.51
	Retainer	\$ 4,000.00
Total		\$ 4,657.41

Check Date	Item Description	Cost
8/9/2013	Marriott Hotel (2 Nights)	\$ 386.64
	Local Mileage (35 Miles)	\$ 17.50
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 20.00
	Retainer	\$ 4,000.00
Total		\$ 4,711.64

Check Date	Item Description	Cost
9/6/2013	Design, type, and layout updated Pocket Buddy	\$ 562.25
	Printed and Folded	\$ 462.00
	Shipping	\$ 14.20
Total		\$ 1,038.45

Check Date	Item Description	Cost
9/20/2013	Marriott Hotel (3 Nights)	\$ 579.97
	Local Mileage (128 Miles)	\$ 64.00
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 42.49
	Blue Fire Restaurant	\$ 35.40
	Blue Fire Restaurant	\$ 24.14
	Fables Café	\$ 16.31
	Retainer	\$ 4,000.00
Total		\$ 5,049.81

Check Date	Item Description	Cost
10/18/2013	Retainer	\$ 4,000.00
Total		\$ 4,000.00

Check Date	Item Description	Cost
11/15/2013	Marriott Hotel (2 Nights)	\$ 409.40
	Local Mileage (40.5 Miles)	\$ 20.25
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 16.91
	Blue Fire Restaurant	\$ 39.69
	Retainer	\$ 4,000.00
Total		\$ 4,773.75

Check Date	Item Description	Cost
11/29/2013	Marriott Hotel (4 Nights)	\$ 784.67
	Local Mileage (96 Miles)	\$ 48.00
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 18.91
	Blue Fire Restaurant	\$ 18.91
	Blue Fire Restaurant	\$ 46.62
Total		\$ 1,204.61

Check Date	Item Description	Cost
12/20/2013	Marriott Hotel (2 Nights)	\$ 341.14
	Local Mileage (41 Miles)	\$ 20.50
	Commute Mileage (575)	\$ 287.50
	Blue Fire Restaurant	\$ 16.91
	Fables Café	\$ 16.68
	Retainer	\$ 4,000.00
Total		\$ 4,682.73

WE RECOMMEND that costs associated with projects be explicitly stated in the contract with limits on expenses. **WE FURTHER RECOMMEND** that the Library consider utilizing technology alternatives to travel in the interest of decreasing the overall cost.

2. Increase in Staffing Costs Despite Staff Reduction

The Erie County Fiscal Stability Authority (ECFSA) annually reviews County applications for State efficiency grants and approve efficiency grant funding made available in the State Budget when it deems it appropriate to do so. In 2009 the ECFSA approved a grant of \$1,718,343 to the Library and again in 2010 an additional \$1,044,797 was approved to the Library. These grants were to fund a project whereby Radio Frequency Identification (RFID) tags would be placed in Library books in order to expedite checkout and reduce costs by approximately \$1,655,160 during the audit period by reduction of staffing hours and staffing numbers through attrition. The \$2,763,140 received in these two grants constituted 13.8% of the total \$19,981,950 handed out in efficiency grants by the ECFSA.

During the audit period \$1,437,177 was spent on this initiative. Throughout the course of our audit we noted that the Library did comply with their application to the ECFSA and eliminated the jobs designated therein. Despite the grant spending to reduce staffing costs and reduction in workforce size, for a myriad of reasons the costs of staffing increased in the audit period by a total of \$1,094,536, an increase of 6.2%. During the audit period a new contract was given to the AFSCME workers, however this represents a small number of the overall library staff. (For an overview of staffing numbers and personnel costs please see the (Expenses – Personnel Section)

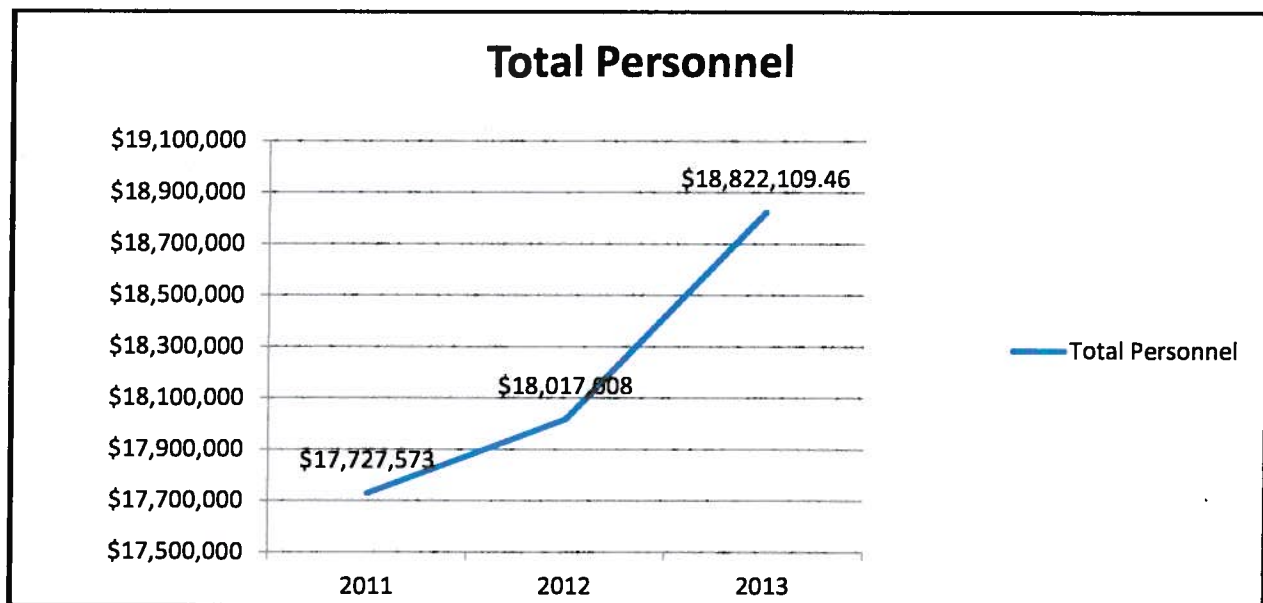
Review of Expenses

Personnel

During our audit, we looked at expenditures as recorded in SAP as well as the approved Erie County budget figures to determine the overall personnel costs for the audit period. As these numbers make up the majority of library spending, they were broken out separately from all “other” expenses to allow both to be viewed independently of each other. They are also combined in the “All Expenses Combined” section.

Personnel costs account for the majority of the overall operating budget for the Library. In 2011 they were 70% of the total, in 2012 they were 72% of the total, and 2013 they were 71% averaging out to 71% of the Library’s total budget for the period under review.

		2011	2012	2013	% Change
500000	Full Time Salaries	\$7,715,539	\$7,703,173	\$8,021,670	4.0%
500010	Part time Salaries	\$3,201,940	\$3,237,113	\$3,281,212	2.5%
500020	Regular PT - Wages	\$1,007,900	\$855,063	\$966,777	-4.1%
500030	Seasonal - Wages	\$63,978	\$41,506	\$3,174	-95.0%
500300	Shift Differential	\$15,345	\$15,515	\$15,328	-0.1%
500330	Holiday Worked	\$11,103	\$14,288	\$14,456	30.2%
500350	Other Employee Payments	\$143,575	\$26,948	\$29,749	-79.3%
501000	Overtime	\$193,220	\$169,370	\$174,970	-9.4%
502000	Fringe Benefits	\$5,374,973	\$5,954,032	\$6,314,773	17.5%
Total Personnel		\$17,727,573	\$18,017,008	\$18,822,109	6.2%



The overall cost of personnel for the audit period showed a steady increase from 2011 to 2012 an amount of \$289,435 equating to 1.6% of the whole. Between 2012 and 2013 there was a sudden spike on personnel costs of \$805,101 equating to a 4.5% increase between those two years. The areas which increased the most between 2012 and 2013 were Fringe Benefits –\$939,800, Part Time Salaries – \$79,272, and Full Time Salaries – \$306,131.

During the audit period the total cost of personnel increased by 6.2%, the total number of employees has however dropped by 3.10%.

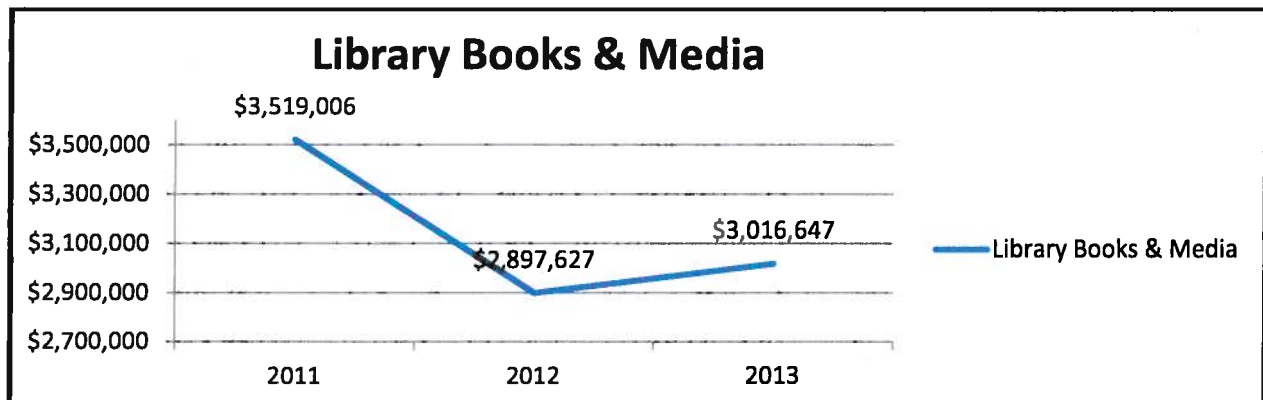
		2011	2012	2013	% Change
500000	Full Time Positions	195	190	196	+51%
500010	Part time Positions	658	661	645	-1.98%
500020	Regular PT Positions	33	34	35	+6.06%
500030	Seasonal Positions	18	14	0	-100.0%
	Total Positions	904	899	876	-3.10%

“Other” Expenses

We reviewed the SAP expenditure detail to determine all costs and expenditures incurred by the Library during the audit period. Testing was then performed to ensure the validity of the numbers as the Library also uses a non-County accounting system called the Library Information System. The reconciliation between these two systems revealed no errors.

The numbers below were taken from SAP and show all Library expenditures over the period of our audit. The charts and graphs below depict “other” expenses which include all expenses not pertaining to personnel costs for the Library.

While the personnel related costs for the Library increased during the audit period by 6.2%, a total of \$1,094,536, the costs spent on Library Books and Media for patrons decreased by 14.3%, a total of \$502,359.

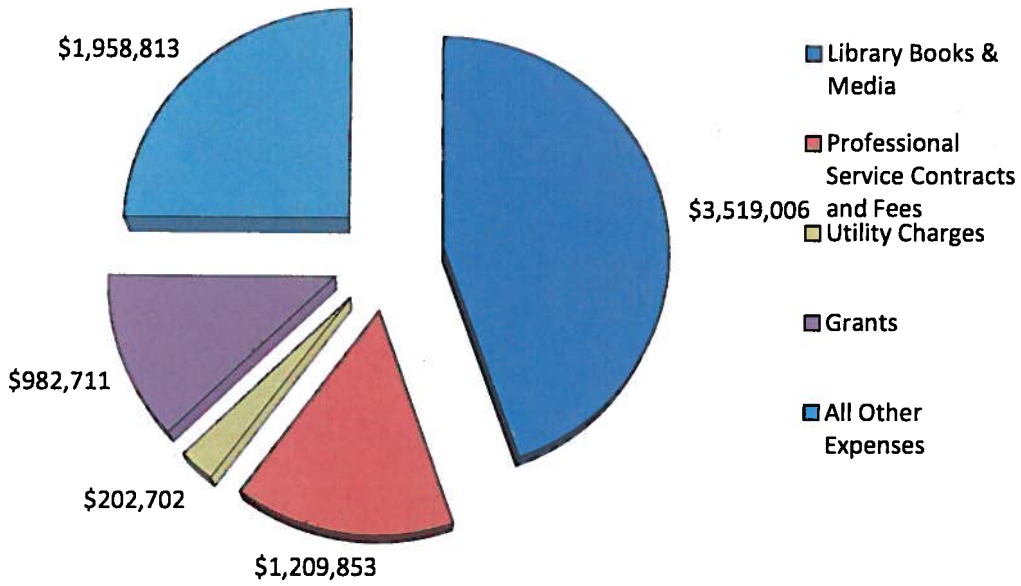


LIBRARY EXPENSES

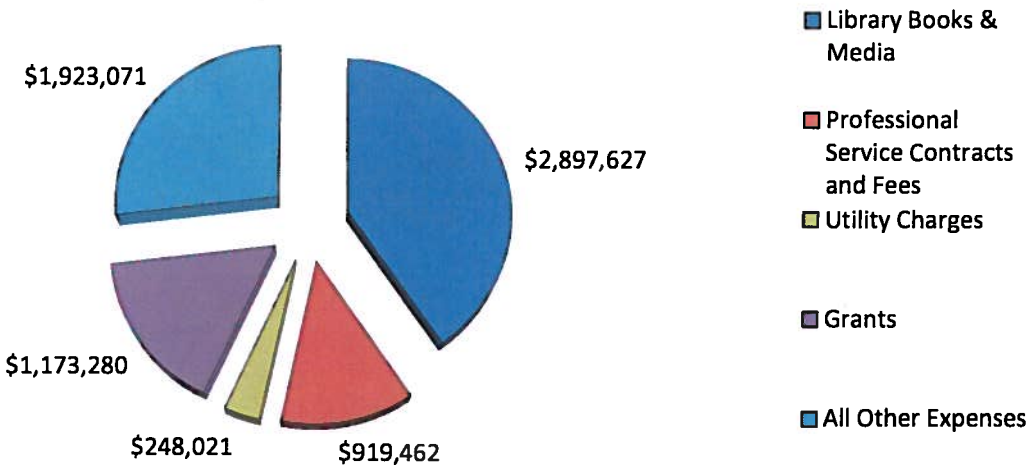
		2011	2012	2013	% Change
505000	Office Supplies	\$77,746	\$78,118	\$99,882	28.5%
505200	Clothing Supplies	\$128	\$2,890	\$2,799	2086.8%
505600	Auto Travel & Heavy Equipment	\$6,374	\$7,708	\$8,645	35.6%
505800	Medical & Health Supplies	\$115	\$68	\$159	38.3%
506200	Maintenance & Repair	\$77,873	\$91,750	\$90,798	16.6%
506400	Highway Supplies	\$7,758	\$5,392	\$9,463	22.0%
510000	Local Mileage Reimbursement	\$9,796	\$14,368	\$15,401	57.2%
510100	Out Of Area Travel	\$11,462	\$14,327	\$12,388	8.1%
510200	Training And Education	\$20,165	\$39,474	\$41,541	106.0%
515000	Utility Charges	\$202,702	\$248,021	\$242,678	19.7%
516010	Contract Payments-Non Professional Svcs.	\$2,439	\$177,569	\$119,565	4802.2%
516020	Professional Service Contracts and Fees	\$1,209,853	\$919,462	\$875,460	-27.6%
516030	Maintenance Contracts	\$73,168	\$67,257	\$93,043	27.2%
530000	Other Expenses	\$158,450	\$118,600	\$128,494	-18.9%
545000	Rental Charges	\$1,376	\$4,457	\$4,279	211.0%
555050	Insurance Premiums	\$24,568	\$46,752	\$50,366	105.0%
561250	Building Improvements	\$0	\$0	\$0	N/A
561410	Lab & Tech Equipment	\$83,753	\$236,594	\$331,500	295.8%
561420	Office Furniture & Fixtures	\$14,948	\$0		-100.0%
561430	Building Grounds & Heavy Equipment	\$0	\$0	\$1,228	N/A
561440	Motor Vehicles	\$0	\$0	\$60,336	N/A
561450	Library Books & Media	\$3,519,006	\$2,897,627	\$3,016,647	-14.3%
575040	Interfund Expense - Utility Fund	\$916,575	\$724,041	\$837,545	-8.6%
901600	ID Purchasing Services	\$31,275	\$34,954	\$26,466	-15.4%
910700	ID Fleet Services	\$36,155	\$40,465	\$41,189	13.9%
942000	ID Library Services	-\$299,946	-\$299,946	-\$282,829	-5.7%
980000	ID DISS Services	\$169,185	\$218,287	\$226,689	34.0%
559000	County share - Grants	\$235,504	\$0	\$663,609	181.8%
000000	ECFSA Grant	\$440,358	\$476,622	\$459,946	4.4%
000000	Central Library Book Aid Grant	\$56,909	\$57,169	\$59,973	5.4%
000000	Central Library Development Aid Grant(1)	\$239,198	\$244,345	\$254,429	N/A
000000	Continuity of Service Grant(1)	\$18,094	\$28,061	\$30,572	N/A
000000	Coordinated Outreach Grant(1)	\$149,639	\$214,176	\$149,754	N/A
000000	County Correctional Facilities Grant(1)	\$9,570	\$9,383	\$7,696	N/A
000000	NYS Library Automation Aid Grant(1)	\$31,489	\$103,799	\$66,730	N/A
000000	State Correctional Facilities Grant(1)	\$37,455	\$39,726	\$47,956	N/A
	Total Expenses	\$7,573,139	\$6,861,515	\$7,794,398	2.9%

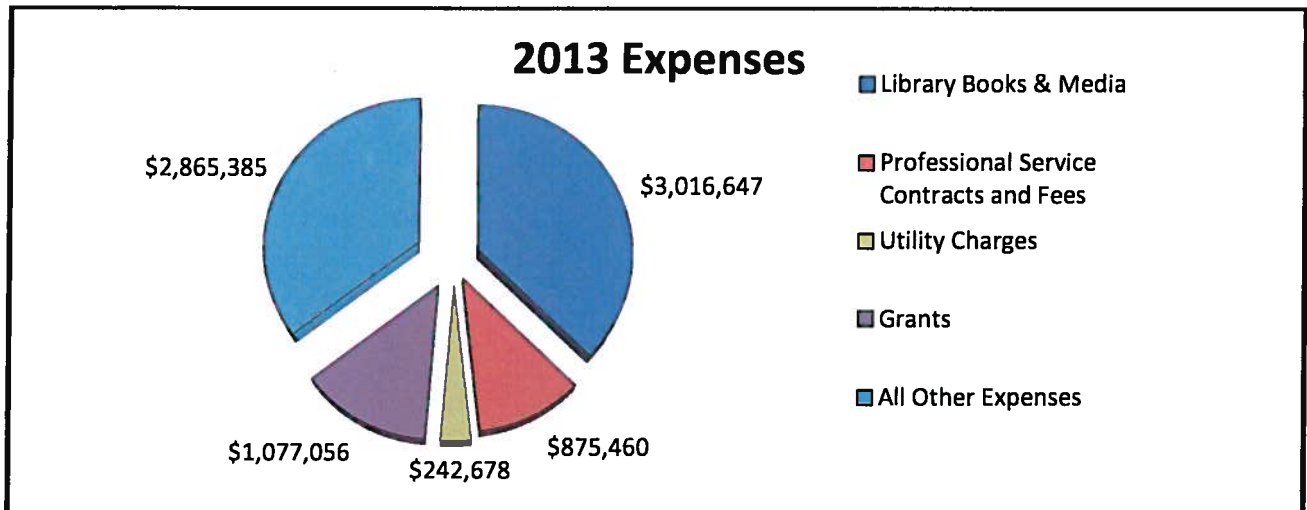
(1)Percentage calculations on most grants do not represent an accurate representation of increased or decreased expenses due to the availability of carryover appropriations from prior years.

2011 Expenses



2012 Expenses





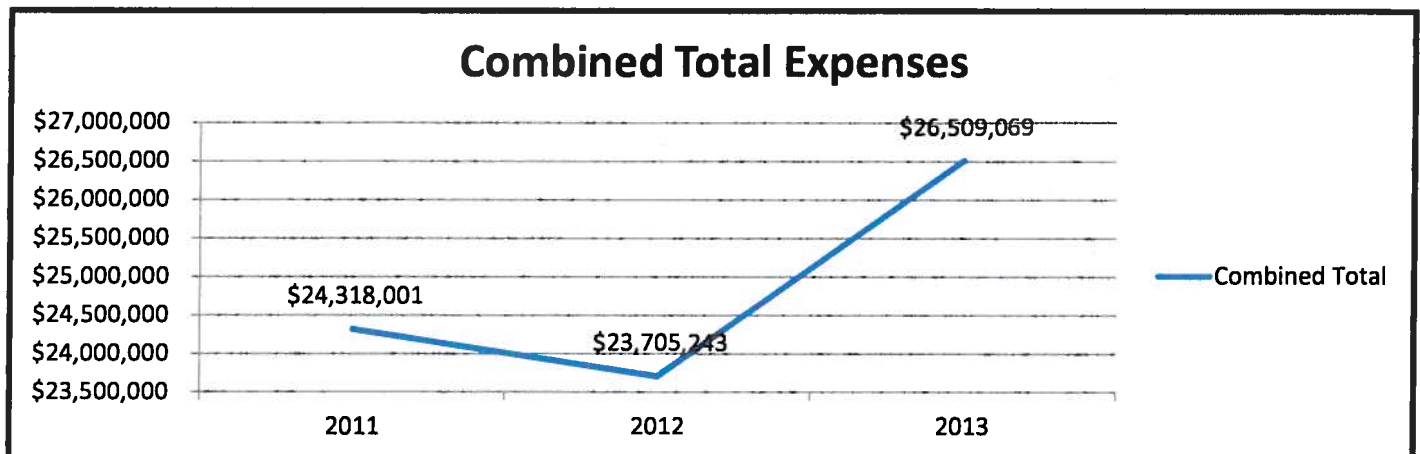
Expense Charts do not include account # 942000 ID Library Services. This is a revenue account for the library.

Combined Expenses

The total expense figures below reflect both personnel related expenditures as discussed above, as well as the “other” expenditures. The charts below have been included in order to provide a complete picture of all library spending.

	2011	2012	2013	% Change
Total Personnel Expenses	\$17,727,573	\$18,017,008	\$18,822,109	6.2%
Total “Other” Expenses	\$7,573,139	\$6,861,515	\$7,794,398	2.9%
Combined Total Expenses	\$25,300,712	\$24,878,523	\$26,616,507	5.2%

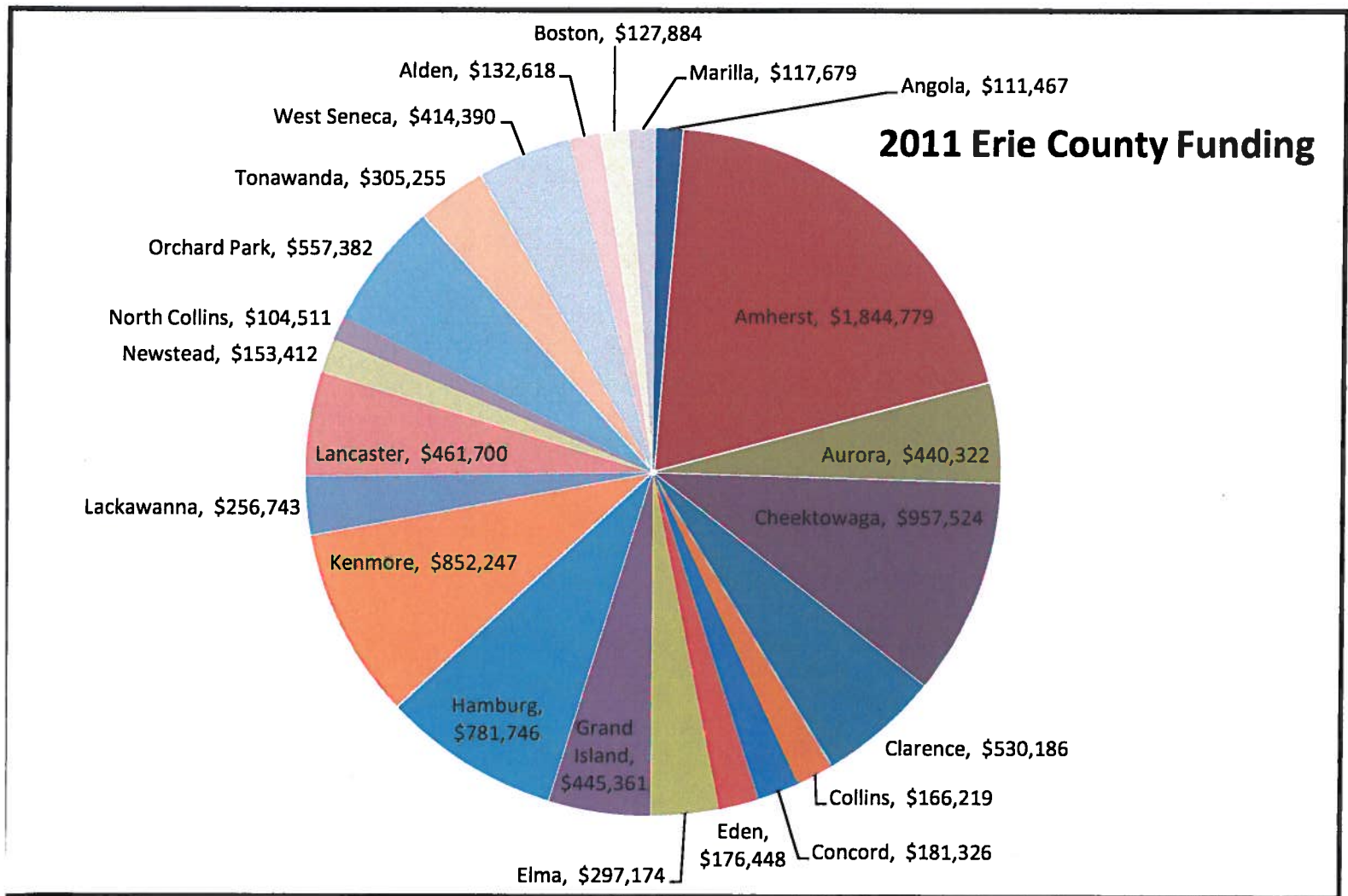
The expenses incurred by the library decreased from 2011 to 2012 by \$422,189 or 1.7% of the total budget. Between 2012 and 2013 however the expenses increase sharply by \$1,737,984 which is a 7% increase over 2012, and an increase of \$1,315,795 or 5.2% over 2011.



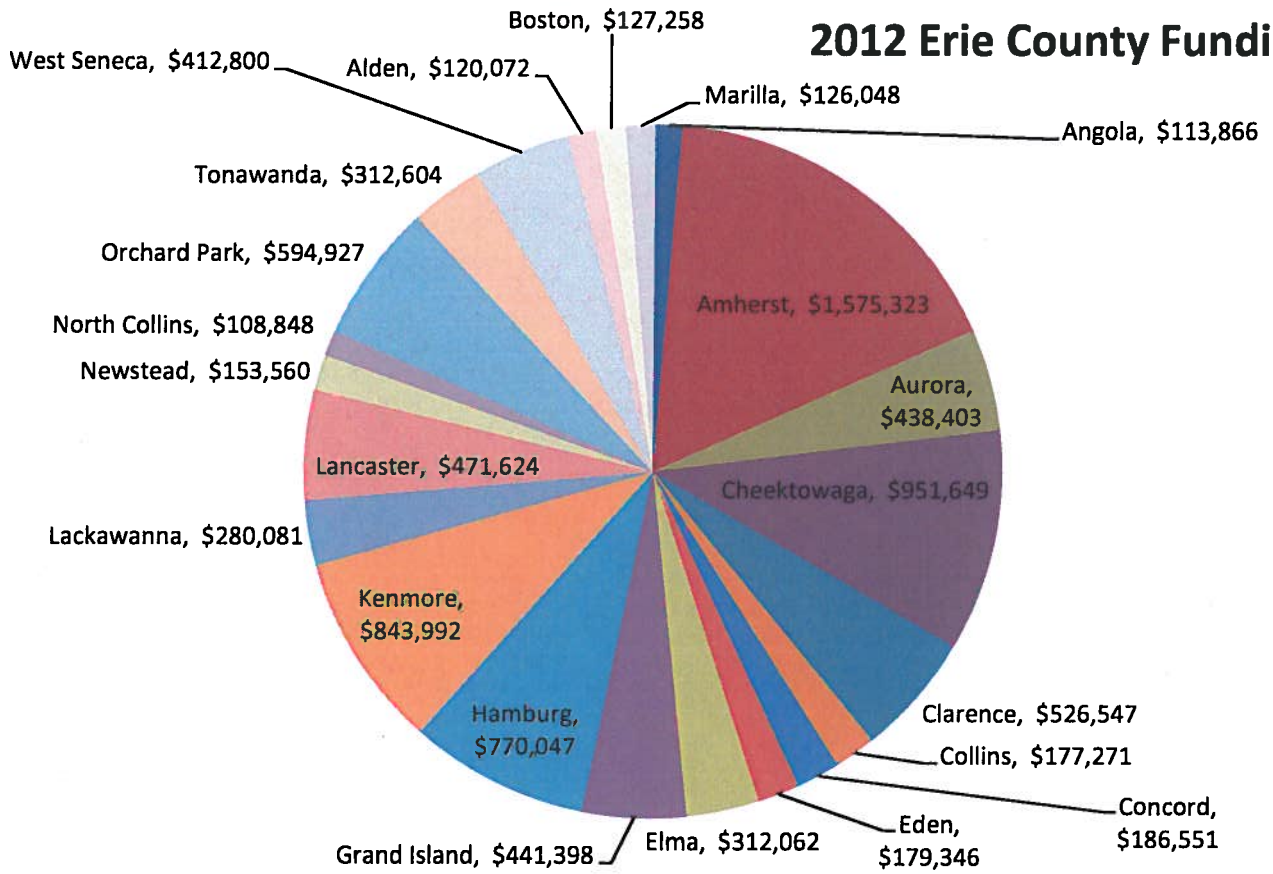
County Dollars Spent on Contract Libraries

During our audit we reviewed both the Central Library's financials, as well as those of each "Contract" library. These contract libraries make up the branch system of the Buffalo & Erie County Public Library. Below are charts depicting the break out of how much county funding each contract library receives.

Due to the timing of this audit coinciding with the close of the 2013 fiscal year, contract libraries were unable to provide 2013 numbers.



2012 Erie County Funding



	2011	2012	% Change
Alden	\$132,618	\$120,072	-9.5%
Amherst	\$1,844,779	\$1,575,323	-14.6%
Angola	\$111,467	\$113,866	2.2%
Aurora	\$440,322	\$438,403	-0.4%
Boston	\$127,884	\$127,258	-0.5%
Cheektowaga	\$957,524	\$951,649	-0.6%
Clarence	\$530,186	\$526,547	-0.7%
Collins	\$166,219	\$177,271	6.6%
Concord	\$181,326	\$186,551	2.9%
Eden	\$176,448	\$179,346	1.6%
Elma	\$297,174	\$312,062	5.0%

	2011	2012	% Change
Grand Island	\$445,361	\$441,398	-0.9%
Hamburg	\$781,746	\$770,047	-1.5%
Kenmore	\$852,247	\$843,992	-1.0%
Lackawanna	\$256,743	\$280,081	9.1%
Lancaster	\$461,700	\$471,624	2.1%
Marilla	\$117,679	\$126,048	7.1%
Newstead	\$153,412	\$153,560	0.1%
North Collins	\$104,511	\$108,848	4.1%
Orchard Park	\$557,382	\$594,927	6.7%
Tonawanda	\$305,255	\$312,604	2.4%
West Seneca	\$414,390	\$412,800	-0.4%

	2011	2012	% Change
Total	\$9,416,373	\$9,224,277	-2.0%

Cost Comparison to Similar Library Systems

We compiled a statistical comparison below using data from the Library's website between the Buffalo & Erie County Public Library and other libraries serving similar sized communities. It includes the total operating expenditures for each library system, the number of branches within that system, total population served, the average population per branch, and the cost per person in that municipality.

Of the twenty library systems reviewed, Buffalo & Erie County Public Library falls below the average and median in total operating expenditures while having a larger population base and have a 29% lower cost per person than the average and 23% lower than the median. The Library also has 57% more branches than the average on this list and 80% more than the median number of branches.

Institution	Total Operating Expenditures	Number of Branches	Population	Population Per Branch	Cost per Person
The Public Library of Cincinnati and Hamilton County	\$54,445,488	40	802374	20059.35	\$67.86
Buffalo & Erie County Public Library	\$26,356,642	36	919040	25528.89	\$28.68
Ottawa Public Library	\$40,773,882	32	927118	28972.44	\$43.98
Atlanta-Fulton Public Library System	\$29,035,352	32	948883	29652.59	\$30.60
San Francisco Public Library	\$81,423,656	27	812820	30104.44	\$100.17
Pima County Public Library	\$31,396,381	25	957920	38316.80	\$32.78
Kern County Library	\$8,203,359	24	846883	35286.79	\$9.69
Indianapolis-Marion county Public Library	\$35,718,850	22	877389	39881.32	\$40.71
Montgomery County Dept of Public Libraries	\$27,486,873	21	977522	46548.67	\$28.12
Columbus Metropolitan Library	\$53,327,163	20	846761	42338.05	\$62.98
Jacksonville Public Library	\$39,658,059	20	864263	43213.15	\$45.89
Salt Lake county Library System	\$32,688,953	19	800724	42143.37	\$40.82
Saint Louis County Library District	\$34,140,684	19	859148	45218.32	\$39.74
Charlotte Mecklenberg Library	\$26,087,885	19	938020	49369.47	\$27.81
San Jose Public Library	\$33,348,655	18	958789	53266.06	\$34.78
Prince George's County Memorial Lib. Sys	\$19,656,735	18	820852	45602.89	\$23.95
Memphis/Shelby County Pub. Lib. & Info. Ctr.	\$16,490,667	18	814322	45240.11	\$20.25
Edmonton Public Library	\$46,013,056	17	812201	47776.53	\$56.65
Palm Beach county Library Sys	\$41,925,302	15	840821	56054.73	\$49.86
Gwinnett County Public Library	\$20,216,342	15	805321	53688.07	\$25.10

	Total Operating Expenditures	Number of Branches	Population	Population Per Branch	Cost per Person
Average	\$34,919,699	23	871,559	40,913	\$40.52
Median Expenditures	\$33,018,804	20	853,016	42,776	\$37.26
Buffalo & Erie County Public Library	\$26,356,642	36	919,040	25,528	\$28.68

Library District Initiative

During the audit period in pursuit of the LDI, the Library expended \$422,777 of their discretionary budget on two outside companies, Communications Services (LDI consultants) as well as Whiteman Osterman & Hanna LLP (Attorneys). Please see the chart below for a total of spending for each organization.

	2011	2012	2013
Whiteman Osterman and Hanna LLP	\$130,855	\$109,792	\$82,707
Communication Services	\$32,664	\$31,443	\$35,316
Total Spent Per Year	\$163,519	\$141,235	\$118,023
Total Spent During Audit Period	\$422,777		

Again using statistics provided by the Library, we estimated what resources the Library could have purchased or what services they could have provided based on the dollar amount spent on the LDI during the period under review. This was done because of the uncertainty as to whether or not the Library was going to continue with the LDI.

Therefore based on the Library's numbers, we found that had the \$422,777 been allocated to purchasing books and media, the Library would have been able to procure an estimated 35,894 additional items for the Library's collection. During the audit period, the Library acquired a yearly average of 247,319 new books and media or 741,957 total items. The 35,894 new books and media would constitute an additional 4.8% and could make up for part of the 14.3% decrease in books and media purchases for the period audited.

To look at it another way, we found that had the \$422,777 been allocated instead to hours of operation for Library branches, there would be 1,597 additional hours for service to local communities. These 1,597 hours equate to just about 40 weeks of 8 hour days worth of services one library could have been open, or multiple branches could have disseminated these funds to the branches in order to increase hours by more than a week of operation for each of the Libraries 36 branches. The Library also could have funded a combination of additional hours and additional books and media being purchased. Please see the data in the tables below.

Other Uses for the Monies Spent on the LDI

	2011	2012	2013
Total spent on the Library District Initiative	\$163,519	\$141,235	\$118,023
Cost per Book/Media	\$11.31*	\$11.31	\$13.19
Number of Books/Media that could have been Bought using funds spent on the district	14,458	12,488	8,948
Total Number of Books Over 3 Years	35,894		

	2011	2012	2013
Total spent on district consulting	\$163,519	\$141,235	\$118,023
Cost per Hour of Operation **	\$241.46	\$284.32	\$278.90
Number of hours branches could have remained open using funds spent on the district	677	497	423
Total Hours of Operation Over 3 Years	1,597		

*Number could not be determined as data was incomplete for 2011, the Auditors instead used 2012 as a reference

** Based on the funding provided by the County

Subsequent Event

After the period of our audit but prior to the completion of fieldwork, we became aware that the Library terminated their contract with Communications Service and the LDI was put on hold by the Board of Trustees at their April 17, 2014 meeting. Following much discussion, it was decided that the Planning and Executive Committees would work with the Erie County Legislature to explore other options for stabilizing future funding. During our Exit Conference on 6/9/14, Library Leadership confirmed that the LDI was not going forward and that the Communications Services contract was terminated. Whiteman Osterman & Hanna LLP is still under contract with the Library, however all work on the LDI has ceased.

Results of Exit Conference

An exit conference was held on June 9, 2014 with the Library Director, members of her staff and representatives from the Board of Trustees. We discussed the contents of the report and the Library was in general agreement with our findings, comments and recommendations. They provided us a written response to our report which we have summarized in Appendix III.

ERIE COUNTY COMPTROLLER'S OFFICE

cc: Mary Jean Jakubowski, Director, Buffalo and Erie County Public Library
Board of Trustees, Buffalo and Erie County Public Library
Hon. Mark C. Poloncarz, Erie County Executive
Robert W. Keating, Director, Budget and Management
Erie County Fiscal Stability Authority

Appendix I – Library Board Meeting Minutes

(Names have been redacted from the original transcript)

“Agenda Item I.1 – Authorization to Execute Contract with Communication Services. Library Director explained this resolution authorizes her to negotiate and subsequently execute a contract with Communication Services, a marketing and communications services company, who will be working with the Library to coordinate communications with staff and other key stakeholders pertaining to a potential re-governance structure and financial stability. This was further discussed at the Executive Committee meeting and asked when negotiating the contract the Library include a clause that if there were any third party individuals brought in that Communication Services would take sole responsibility for their actions and oversee all of their work. The Library Director stated she will include this in the final contract. Board Member 1 moved for approval, Board Member 2 seconded.

Upon Board Member 3 asking if there was any further discussion, **Board Member 4 questioned what it is Communication Services does. The Library Director explained they will be working with the Library for communication, marketing, branding, political strategizing/analysis for things like re-governance and developing marketing tools and such for the financial stability campaigns.**

Board Member 5 voiced he feels the Library needs to take more time on the whole re-governance project. He stated “While he is not necessarily opposed to it, until he can look people in the eye and say we have the right size library, he cannot spend their money on researching alternative means of governance.”

Board Member 4 asked how does this company or the responsibility it is proposing they undertake square or overlap with other consultants/third parties we have retained already. The Library Director clarified it will be overlapping with all of them; working in culmination to be assured we are all moving in the same direction in familiar territories and also understanding and developing the strategies to move forward through these processes.

Board Member 4 asked if the Library currently has a PR firm. The Library Director stated no. **Board Member 4 inquired why this company and only one bid. The Library Director conveyed it wasn’t a bid process because it is a services contract and subsequently this group was recommended through Whiteman Osterman & Hanna LLP which is the Library’s leading attorney on the re-governance structure. They are familiar with and have worked with them. They have a proven record of working on library strategies; the majority of their work is with public libraries and dealing with political bodies.** In response to a question by Board Member 4 regarding the retainer, The Library Director noted this resolution is for her to negotiate with Communication Services and it would be “up to” 24 months - not locking the Library into a particular time frame.

Board Member 5 questioned if the Library has not yet decided what form of governance it is pursuing, why would the Library pay someone to prepare for this. Further discussion ensued and various opinions were shared on this topic.

Board Member 2 called the motion. Board Member 6 seconded this. Resolution 2011-10 was approved by a vote of ten to one, with Board Member 5 casting the dissenting vote.

Appendix II – Library Email Correspondence with Communication Services

[REDACTED]

From: [REDACTED] [mailto:[REDACTED]@buffalolib.org]
Sent: Tuesday, January 25, 2011 1:20 PM
To: [REDACTED]
CC: [REDACTED]
Subject: Buffalo

Hi [REDACTED],
Thank you very much for your presentation last week. We learned so much from you in that brief meeting! The board members and stakeholders present for your presentation are eager to move forward.
Can you provide me with a proposal in writing based on the terms you presented at the meeting: 24 months, \$3,000 month - and list the services that are included (and excluded) in that fee.
Please let me know if you need additional information from me.
Best wishes,
Bridget

[REDACTED]
Director
Buffalo and Erie County Public Library System
1 Lafayette Square
Buffalo, NY 14203

Voice: 716.858.7180
Fax: 716.858-6544
Email: [REDACTED]@buffalolib.org<mailto:[REDACTED]@buffalolib.org>

[REDACTED]

Appendix III – Summary of Library Response

At the exit conference on June 9, 2014, the Library Director provided us with a 15 page written response to our draft report in addition to 23 pages of exhibits. We have provided a summary of the comments that we received from the Library.

Finding—Failure to Procure Professional Services through an RFP

The Library agrees with our recommendation to request services through the RFP process or document a sole source determination. However, the Library believes that they must comply with the requirements of General Municipal Law sections 103 and 104(b) or utilize Erie County's Policies and Procedures.

Observation 1 – Questionable Consulting Costs

The Library disagrees with the portrayal of any consulting costs as questionable. During the timeframe of the audit, there was no access to other reliable technology that provided alternatives to travel. While teleconferencing was periodically used, the travel undertaken was necessary.

We were informed that the \$5.43 for a movie rental was reimbursed to the Library.

While the Library appreciated our perspective on the use of existing staff for the Library District Initiative, it would have significantly impacted the daily BECPL services.

Again the Library appreciated our suggestion to explore alternative .com businesses, but felt that Communication Services was familiar with the distinctive brand that the Library intended to portray to the public.

Observation 2 – Increase in Staffing Costs Despite Staff Reduction

The Library appreciated the recognition of their position saving commitment for the ECFSA grants but felt that there was an overall cost savings realized over the period of 2009-2013 which includes two years before the period of our audit.

Review of Expenses – Personnel, “Other”, and LDI

The Library stated that while personnel costs went up, for the most part it was due to fringe benefits that were not controllable and that a better comparison would have been seen had we used 2009 as the base year (again, before the period of our audit). With respect to other expenses, the Library claimed that this was mostly due to grants and non recurring expenses. Lastly regarding the LDI, the Library stated that because of their structure and complexity they followed recommendations from the NY State Department of Education and engaged experts dealing with NY state libraries on these issues which resulted in the selection of Whiteman, Osterman and Hanna, LLP and Communication Services.