



February 25, 2014

Christopher M. Musialowski
 Deputy Comptroller for Audit
 Erie County Comptroller's Office
 Erie County Office Building
 95 Franklin Street, Room 1100
 Buffalo, New York 14202-3972

Re: Audit of the Buffalo & Erie County Public Library (B&ECPL)

Dear Deputy Comptroller Musialowski:

I have received and reviewed your letter dated February 18, 2014 regarding the Comptroller's Office "*commencing an audit of the Buffalo and Erie County Public Library (BECPL) for the period January 1, 2011 through December 31, 2013.*" The letter requested a large volume of documents be produced by February 25, 2014. In a subsequent phone conversation with Maria Borowiak, the Library Director's secretary, you indicated that if we needed the time, we could provide the requested information at the time of the audit entrance conference, scheduled for this Thursday, February 27th at 10:00 a.m. in the Library's administrative offices.

We continue to review the request and assemble documentation. A number of the items requested are available online. Links to those items are provided in this letter. Many other items are attached to this communication in electronic format on a CD Rom. The CD Rom contains an electronic copy of this letter for which the links to documents available online are clickable. Some of the items requested are not under the B&ECPL's control, those items are noted below.

Background on the B&ECPL structure and governance

The Buffalo & Erie County Public Library (B&ECPL) is a federated library system consisting of 23 legally separate chartered libraries, each governed by their own Board of Trustees. The Library is not a department of Erie County. The B&ECPL itself is chartered to directly operate and provide library services through the Central Library and 8 Buffalo Branch libraries. B&ECPL also provides funding and extensive library system services to the 22 chartered library

systems located in Erie County outside the City of Buffalo, who combined operate 28 library facilities.

As they are independent chartered institutions, the B&ECPL and the 22 contracting libraries are not subject to the Erie County Administrative Code. For your convenience, copies of the following key governance related documents are included in the *Key Governance Documents* folder of the CD:

1. 1953 legislation under which the B&ECPL was established;
2. 1970 Court Decision - County of Erie v. Board of Trustees of the B&ECPL;
3. 1991 and 1992 Court Decisions - B&ECPL v County of Erie;
4. NYS Not-for-Profit Law, Sec. 703, Election and term of office of directors.

Financially speaking, the B&ECPL is an independent "component unit" of Erie County Government with its financial information included in Erie County's Comprehensive Annual Financial Statements. B&ECPL utilizes the County's SAP financial system for its operating and grant revenue and expenditures, including purchasing. B&ECPL also utilizes SAP's payroll and personnel systems. Donations directly to the B&ECPL are deposited and maintained in Trust and Agency accounts with the Erie County Comptroller's office, also included in the SAP system. Erie County is compensated for the Library's use of these systems, with combined DISS and Purchasing charges budgeted at \$239,398 in 2014.

The 22 Contracting Member Libraries located outside the City of Buffalo are also separate and distinct financial entities. However, all but a relatively small amount of their operating funding flows through the Library System, with most expenditures occurring through system accounts. The B&ECPL provides payroll, benefits, Internet access, wide area network and telecommunication services for all libraries. It further provides most goods purchasing and processing (including library materials), supplies, and most utilities (through the County's aggregate utility purchasing pool).

B&ECPL utilizes Erie County's Division of Purchase or New York State contracts for purchases under its control. The Library follows the County's *New York General Municipal Law (GML) §104-b* policies for purchases under the formal bid threshold and utilizes County Purchasing when formal bids are needed. For requests for proposals (RFPs), the B&ECPL seeks purchasing division review of the proposals and they are posted on both the County and Library websites. The purchase of library materials is pursuant to bids conducted and awarded through Erie County Purchasing. The Library utilizes its Library Information System to order and track library materials purchases electronically.

Information Requested in February 18, 2014 Letter

To aid in your use of the information provided, each information request is stated, followed by the Library's Response.

Document Request: Copies of the operating policies and procedures for the BECPL.

Library Response: Please see the documents in the *Policies and Procedures* folder of the CD and the notes re financial policies above. Additional policy statements focusing on external users are posted to the Library's website and are available for your review at: <http://www.buffalolib.org/content/policies>

Document Request: All operating financial information including income and expenditures spreadsheets.

Library Response: a) The Comptroller's Office has full access to the B&ECPL's financial information in the SAP system. The Library provides its consent for the Audit staff's use of this access for the purposes of conducting its audit pursuant to its authority under the law.

b) B&ECPL monthly operating statements for the audit period and beyond are available online at: <http://www.buffalolib.org/content/budget-information/monthly-operating-financial-report>.

c) B&ECPL budget request and adopted budget information is available online at: <http://www.buffalolib.org/content/library-system/budget-information> . Additional information on the Library's Operating, Grants and Capital Budgets are included in Erie County's Budget Request and Adopted Budget information at: <http://www2.erie.gov/exec/index.php?q=budget-office>.

d) B&ECPL does not control or maintain the accounts and records for revenue and expenditures occurring directly at the 22 independent contracting libraries. That is the responsibility of the 22 Boards of Trustees of the 22 Contracting Libraries and their staff. A request for documents would need to be submitted to each entity should access to this information be desired.

Document Request: Library Foundation Financial Records.

Library Response: The Library Foundation of Buffalo and Erie County Inc. is an independent 501 (c) (3) not-for-profit corporation with its own board of trustees. B&ECPL does not control or maintain the accounts and records of the Library Foundation. The organization's IRS forms 990s are available for free download at <http://www.guidestar.org/>.

Document Request: List of all current Library Board Members, please include who they were appointed by, and beginning and end dates of their terms end.

Library Response: Please see the documents in the *Board Appointment Information* folder of the CD.

Document Request: Research performed with regards to cost of operation per library.

Library Response: Please see the documents in the *Cost of Operation Per Library* folder of the CD.

Given the voluminous nature of the document request, as of this writing, the Library has not completed its review and assembly of the information requested. We continue to work on the remaining information requested and will provide additional responses as we complete review and assembly of materials. The material provided in this correspondence and accompanying CD Rom represents our progress to date.

We look forward to meeting with your staff on Thursday. Hopefully we can clarify the scope and volume of information needed in this meeting.

I have designated Library Deputy Director Kenneth Stone as the chief point of contact for the purposes of this audit. Mr. Stone can be contacted at 858-7170 or stonek@buffalolib.org.

I hope you find this information useful. Please contact me at 858-7180 or jakubowskim@buffalolib.org, if you have any questions or need further information.

Thank you for your consideration in this matter.

Sincerely,



Mary Jean Jakubowski
Library Director

Attachment: CD Rom containing above referenced documents

cc: (letter only) B&ECPL Board of Trustees
 Trustees of the 22 B&ECPL Contracting Libraries
 Hon. Mark C. Poloncarz, Erie County Executive
 Hon. Erie County Legislature
 Robert W. Keating, Director of Budget and Management
 Erie County Fiscal Stability Authority
 Kenneth Stone, B&ECPL Deputy Director - CFO