

INTERNAL AUDIT REPORT

2022-07

Library Donations Follow-Up

Anchorage Public Library

October 11, 2022

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MUNICIPALITY OF ANCHORAGE
MAYOR DAVE BRONSON

OFFICE OF INTERNAL AUDIT

October 11, 2022

Honorable Mayor and Members of the Assembly:

I am pleased to present for your review **Internal Audit Report 2022-07, Library Donations Follow-Up, Anchorage Public Library**. A summary of the report is presented below.

In accordance with the 2022 Audit Plan, we have completed an audit of Library Donations Follow-Up. The objective of this audit was to determine the effectiveness of corrective action taken by the Anchorage Public Library on Finding 2 contained in Internal Audit Report 2017-10. To accomplish our objective, we reviewed the "Agreement Among the Municipality of Anchorage, the Anchorage Public Library and the Anchorage Library Foundation", interviewed Anchorage Public Library staff, reviewed job descriptions, and examined other relevant documents.

Our follow-up audit of Finding 2 in Internal Audit Report 2017-10 revealed that management action taken by the Anchorage Public Library was partially effective in correcting the deficiency. Although an agreement was entered into between the Anchorage Public Library and the Anchorage Library Foundation, we found that the "Agreement Among the Municipality of Anchorage, the Anchorage Public Library and the Anchorage Library Foundation" could be strengthened.

There was one finding in connection with this audit. Management was responsive to the finding and recommendations.

Michael Chadwick, CIA, CICA
Director, Internal Audit



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Internal Audit Report 2022-07
Library Donations Follow-Up
Anchorage Public Library

Introduction. In 2017, we performed an audit of donations at the Anchorage Public Library (Library) and issued Internal Audit Report 2017-10, dated October 12, 2017. To assess the effectiveness of corrective actions, we were requested to perform a follow-up audit of Finding 2 of the audit report. This report contains the results of the follow-up audit.

The Anchorage Public Library receives donations to help fund its operations. Donations are typically comprised of cash and books. Cash donations are directed to either the Anchorage Library Foundation (Foundation), the Friends of the Library, or the Library. The Anchorage Library Foundation and Friends of the Library then make donations to the Library. Some cash donations made directly to the Library are received with specific purposes. For example, donor specified requests may include certain genres or titles.

Objective and Scope. The objective of this audit was to determine the effectiveness of corrective action taken by the Library on Finding 2 contained in Internal Audit Report 2017-10. To accomplish our objective, we reviewed the “Agreement Among the Municipality of Anchorage [Municipality], the Anchorage Public Library and the Anchorage Library Foundation” (Agreement), interviewed Library staff, reviewed job descriptions, and examined other relevant documents.

We conducted this performance audit in accordance with generally accepted government auditing standards, except for the requirement of an external quality control review. 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The audit was requested by the Administration.

Overall Evaluation. Our follow-up audit of Finding 2 in Internal Audit Report 2017-10 revealed that management action taken by the Library was partially effective in correcting the deficiency. Although an agreement was entered into between the Library and the Foundation, we found that the Agreement could be strengthened.

FINDING AND RECOMMENDATION

1. **Prior Audit Finding: No Agreement between Municipality and the Foundation.** Finding 2 in Internal Audit Report 2017-10 stated that “There was no written agreement between the Municipality and the Foundation authorizing the Municipality to provide employee labor and resources to support the Foundation’s donation activities.” Further, Internal Audit Report 2017-10 stated that “The Library assumes liability and risk by providing labor and resources on behalf of others without a written agreement.”
 - a. **Corrective Action.** In May 2018 the Library entered into an agreement with the Foundation to provide staff support and space at the Library for file storage, meetings, and special fundraising events. Regarding staff support, the Agreement stated that the Municipality will provide organizational support through a Senior Development Officer. This Senior Development Officer “. . . will coordinate the Foundation and Library’s fundraising and communication efforts, as well as provide a basic level of clerical support.” The duties that were being performed by the Senior Development Officer are now the responsibility of the Library’s Deputy Director. Specifically, the Deputy Director’s job description states that the Deputy Director “Ensures Foundation and Friends Board are active and have productive relationships with the Library. Enlists community support through donations, grants, volunteer hours, and votes.” However, we found that other Library staff spent time supporting the Foundation’s activities, but their job descriptions did not specifically include these duties. Nevertheless, their job descriptions did refer to assisting management with administrative projects and activities and assisting the Library Director as a liaison with the Foundation.

Moreover, it was difficult to define what “. . . a basic level of clerical support” meant in the Agreement. As a result, we were unable to determine if Library staff were acting outside of the Agreement’s scope. According to Library staff, they have supported the Foundation by performing activities such as preparing correspondence to solicit donations, receiving donations, processing donations, preparing deposits, and providing other donor correspondence. Library staff estimated that about 3 to 4 hours a week were spent by two Library staff supporting the Foundation’s activities. However, they were unable to provide any documentation to support this time estimate.

- b. **Evaluation of Corrective Action.** Partially effective. We recommended in Internal Audit Report 2017-10 that a written agreement be entered into between the Library and the Foundation to provide employee labor and resources to support the Foundation’s donation activities. In May 2018 an agreement was entered into between the Library and the Foundation. However, we found that the Agreement could be strengthened as stated in the below recommendations.
- c. **Recommendations.** As permitted by section 6.02 of the Agreement, the Deputy Library Director should:
- Modify the Agreement’s language to better define the meaning of “. . . basic level of clerical support.”
 - Modify the Agreement’s language to correctly identify who will provide the support for the Foundation
 - Modify the existing Agreement if she no longer wishes to use Municipal resources to perform work for the Foundation.

In addition, the Deputy Library Director should track the time spent, by work task, supporting the Foundation's activities to gain a better understanding of how Library resources are being used.

- d. **Management Comments.** Management stated, "Management concurs with the audit finding and recommendations. Management will direct Library staff to track, by task, the time spent on Foundation activities to gain clarity on how much time the various tasks take as Library staff provide 'a basic level of clerical support.' By December 31, 2022, Management will review the Agreement between the Municipality of Anchorage and the Anchorage Library Foundation to discuss the continuation, or potential modification, of the 2018 agreement to clarify the support that will be provided and who will provide that support."

- e. **Evaluation of Management Comments.** Management comments were responsive to the audit finding and recommendations.

Discussion With Responsible Officials. The results of this audit were discussed with appropriate Municipal officials on June 8, 2022.

Audit Staff:
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