



SUPPLEMENTAL AGENDA MATERIAL for Supplemental Packet 2

Meeting Date: September 15, 2020

Item Number: 39

Item Description: Berkeley Public Library Uses Tax Funds by the Book, But More Internal Controls Needed

Submitted by: Jenny Wong, City Auditor

Item #39 on the agenda for the September 15th City Council meeting is a presentation summarizing the City Auditor's recent audit report, "Berkeley Library Spends Tax Funds by the Book, But More Internal Controls Needed." This supplemental agenda material is a PDF copy of the presentation that will be available to Council members and meeting attendees.

Berkeley Library Spends Tax Funds by the Book, But More Internal Controls Needed

Overview

- Why, Objectives, Scope
- Findings & Recommendations
- Library management response



Why:

- Library hasn't been audited recently
- Ongoing effort to audit use of special taxes

Objectives:

1. Does the Library use the Library Tax Fund appropriately?
2. Are there any internal control risks that could affect appropriate use of the Library Tax Fund?
3. To what extent does the Library plan and evaluate its use of the Library Tax Fund?

Scope:

Fiscal year 2018, non-personnel expenditures

Objectives

Findings

Does the Library use the Library Tax Fund appropriately?

- Transactions aligned with the purpose of the Library Tax Fund
- No indicators of fraud, waste, or misuse

Are there any internal control risks that could affect appropriate use of the Library Tax Fund?

- Some of the Library's internal controls can be improved

To what extent does the Library plan and evaluate its use of the Library Tax Fund?

- No strategic plan, but adopted budget priorities and goals
- No program evaluation



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Recommendations

1. Develop and implement a reserve policy that guides how the fund can be used
2. Strengthen and document some additional purchasing controls for the tool lending library
3. Provide a public budget overview session or refer the Board to budget training opportunities hosted by another agency
4. Communicate with patrons about how the collection is growing and incorporate collection management into outreach
5. Support the new director in developing a strategic plan
6. Implement a program evaluation process



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Management Response

- Agreed to implement audit recommendations
- Provided reasonable and timely implementation plan



We would like to thank Library management and staff, and the Board of Library Trustees for their cooperation with this audit.

