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August 31, 2000

Honorable Patricia Flynn
President
Board of Trustees
Queens Borough Public Library
89-11 Merrick Blvd.
Jamaica, NY 11432

Re: Report 2000-F-17

Dear Ms. Flynn:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution, and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Queens Borough Public Library (QBPL) as of August 3, 2000, to implement the recommendations contained in our audit report, *The Queens Borough Public Library Delivery of Services and Selected Financial Management Practices*, (Report 97-N-11). Our report, which was issued on April 28, 1999, examined whether QBPL was delivering services according to guidelines established by the New York State Education Department (Department).

Background

The Queens Borough Public Library system was founded in 1907 and includes a central library and 62 branch libraries. It is a not-for-profit corporation supported by Federal, State and New York City appropriations, as well as funds from private sources. QBPL serves the 1.95 million residents of the Borough of Queens and has about 17 million visitors a year. For fiscal year 1999, QBPL received \$57 million in funding from New York City, \$6.4 million from New York State, and \$2.1 million from contributions.

State Education Law authorizes the Department to incorporate any library whose purposes are of educational or cultural value, and authorizes the Department to visit, examine or inspect any institution under its educational supervision. The Department's Division of Library Development is responsible for administering State programs for the public libraries. QBPL is registered with the Department as a not-for-profit organization and must abide by the Department's rules, regulations, and fiscal guidelines. Our prior report contained three recommendations addressed to QBPL and three recommendations addressed to the Department. This report reviews the actions taken by QBPL to implement the three recommendations addressed to it. A separate report will be issued to the Department concerning the three recommendations it was responsible for addressing.

Summary Conclusions

Our prior audit found that, although security systems were operational at the central library and branches, materials, including popular items, were not routinely magnetically sensitized to enable the system to detect unauthorized removal of the materials from the library premises. We concluded that there was a risk that QBPL was losing a significant portion of its loan and reference materials due, in part, to the control weaknesses identified.

Summary of Status of Prior Audit Recommendations

Our follow-up review found that QBPL has made progress in implementing the three prior recommendations. Two of the recommendations have been implemented, and one has not been implemented. The recommendation that was not implemented regarded the taking of periodic physical inventory of library materials. While QBPL has not implemented the recommendation, it has taken a number of steps to improve security over such materials.

Follow-up Observations

Recommendation 1

Reiterate to QBPL staff the importance of following correct procedures for tattle-taped and sensitizing materials.

Status - Implemented

Agency Action - QBPL has directed its branch managers to strictly enforce the procedures for sensitizing materials when these items are returned. Clerical skills workshops have been initiated for retraining of staff in operations including tattle taping of books and other materials, and the proper use of theft detection equipment.

Recommendation 2

Maintain sensitizing/desensitizing equipment regularly to ensure its proper operation.

Status - Implemented

Agency Action - QBPL transferred responsibility for the maintenance of the theft detection systems from the Purchasing Division to the Investigations and Security Department. This department is comprised of former police officers who are responsible for general security within the libraries. There are approximately 200 sensitizing/desensitizing machines in the system, about 20 of which are replaced each year. For fiscal year 2001, QBPL has requested an additional 50 theft detection equipment replacements. In addition, QBPL has ordered eleven new theft detection workstations and four self-check systems. Clerical skills workshops have included instruction on the proper use and maintenance of the sensitizing/desensitizing equipment. QBPL has also instructed its security officers to test a sample of books when performing random security checks or in response to other security related matters.

Recommendation 3

Take periodic inventory verifications at the central and branch locations to account for loan and reference materials purchased by QBPL. Report the results of the inventory verifications to senior management. Senior management should ensure that effective corrective actions are taken promptly to eliminate excessive inventory losses.

Status - Not Implemented

Agency Action - QBPL officials maintain that their efforts for improving theft detection and sensitizing/desensitizing awareness are more effective means to eliminate excessive inventory losses than the taking of periodic physical inventories. They indicate that taking inventory and improving the accuracy of their on-line catalog are customer services issues that are unrelated to helping reduce the incidence of stolen items. They also indicate that it is not practical, from a resource allocation perspective, to conduct periodic inventories in their public library setting. They point out that closing the library and having staff work after hours to take inventory are impractical. They believe their resources are better utilized directly serving customers. QBPL officials add that inventory can be monitored in other ways, such as by removing items from the electronic catalog when these items cannot be located for a customer. In this regard, officials state that discrepancies between the perpetual inventory (electronic catalog) record and the results of physical inventory represent instances when the perpetual inventory record has not been updated to reflect discarded material.

The major contributor to this report was Michael Solomon.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address the one unresolved matter discussed in this report. We also thank QBPL management and staff for the courtesies they extended to us during this review.

Very truly yours,

Jerry Barber
Audit Director

cc: Chancellor Hayden, University of the State of New York
Richard Mills, State Education Department
Charles Conaway, Division of Budget