

# **TRUSTEES OF THE PUBLIC LIBRARY OF THE CITY OF BOSTON**

## **Meeting of the Trustees Finance and Audit Committee**

**Thursday, March 5, 2015 / 8:00 a.m.**

**McKim Ante Room**

**Central Library, 700 Boylston Street, Boston, MA 02116**

### **MINUTES**

A meeting of the Boston Public Library Trustees Finance and Audit Committee was held on Thursday, March 5, 2015 at 8:00 a.m. at the Boston Public Library, Central Library, McKim Ante Room, 700 Boylston Street, Boston, MA 02116.

Present at the meeting were Finance and Audit Committee Chair Evelyn Arana-Ortiz and Committee members Rep. Byron Rushing and Zamawa Arenas. Absent from the meeting was Committee member John Hailer.

Also present were Boston Public Library Staff: President Amy Ryan, Director of Administration and Technology David Leonard, Chief Financial Officer Ellen Donaghey, Budget and Procurement Manager Edward Maheigan, Accounting Supervisor Sean Monahan, and Clerk of the Board Deborah Kirrane. Attending from City of Boston were Corporation Counsel Caroline Driscoll and Management Analyst Edward Pesce. Participating via telephone was Matthew Hunt, Principal at CliftonLarsonAllen, LLP.

Ms. Arana-Ortiz, Chair of the Trustees Finance and Audit Committee (“Committee”) presiding.

Ms. Arana-Ortiz called the meeting to order at 8:00 a.m., announced a change in the order of Agenda items, and the Committee first addressed the review of the Draft Management Letter for FY14, as prepared by CliftonLarsonAllen, LLP. Matthew Hunt, Principal at CliftonLarsonAllen (“CLA”) presented the Draft Management Letter to the Committee via telephone. Mr. Hunt reminded the Committee that the firm of Sullivan and Rogers merged with CLA in 2014. The merger has provided CLA with increased resources and the ability to now offer technology audits.

Mr. Hunt presented the first comment of the Draft Management Letter: Information Technology. It is CLA’s recommendation that the BPL institute software restrictions to control and limit the access individuals could potentially have to certain software functions. CLA recommends detection controls be implemented, together with a periodic review of logins, to determine and monitor who is doing what, thus ensuring that unauthorized access within the system is not occurring. CLA recognizes that while this type of control does not exist within Polaris, the BPL should develop a system to monitor logins and provide greater security measures, such as strengthening passwords.

CLA further recommends periodic reviews within Polaris to ensure that operations within user accounts are consistent with operations one would expect employees at particular levels to be conducting; confirm that employees’ actions within the system are consistent with or related to their responsibilities. Such reviews should also include confirming that employees no longer employed by BPL do not have access to the software.

CLA also recommends the regular testing of back-up data according to a set schedule to ensure that data is, in fact, recoverable.

Mr. Leonard informed the Committee that the BPL does have a disaster recovery plan and is able to restore data from back-up tapes. Testing is currently performed, but it is not regularly scheduled. Mr. Leonard advises that going forward the BPL will conduct such testing on a consistently scheduled basis. In regard to “full blown disaster recovery,” Mr. Leonard explained that that project is currently underway and within the next several months a system will be in place to address disaster recovery for Polaris and IT production systems.

Mr. Leonard further explained that the BPL controls its own IT and the City of Boston controls the PeopleSoft software. The BPL will be developing a plan based on the CLA recommendations. The City of Boston goes through a similar technology audit and were not surprised with this CLA recommendation.

Mr. Hunt (CLA) indicated that the next two comments on the Draft Management Letter were carry-over comments from the previous fiscal year: He addressed the timeliness of invoice processing and compared the audit to last year’s results. Many improvements have been made and a new invoice processing procedure is in place. The new procedure decreases turnaround time and reduces the number of people, departments, and paper involved. While there are improvements over last year, the comment was carried over because not all BPL departments have adopted the new procedures.

The last comment referred to the photoduplication fund. CLA’s recommendation is for the BPL to implement a funding mechanism to make the photoduplication fund self-supporting or, alternatively, develop a plan to fund these operations. The BPL traditionally has funded this through Deferrari funds, but those funds are decreasing. This remains an issue and needs to be presented to the Trustees.

Ms. Arana-Ortiz indicated that the photoduplication has been replaced and the new system is expected to increase revenues. Ms. Donaghey confirmed that revenues have increased in the first several months post-implementation, but it is still too early to provide any long range forecast information. While the system is more efficient and cost-effective, credit card processing fees have been added. Demand for the system is increasing, but it is too early in the installation process to make a definitive conclusion.

Ms. Arana-Ortiz commented on the brevity of the Draft Management Letter. She remembers when Management Letters contained many more recommendations. CLA said the BPL does a very good job of taking recommendations seriously and moving forward.

Ms. Arana-Ortiz asked Mr. Hunt about CLA’s fees and whether the addition of a technology audit increased the fee. Mr. Hunt explained the IT audit was a “value added” service provided at no charge to the BPL – a good client. Ms. Arana-Ortiz thanked Mr. Hunt and CLA for their consideration.

After a motion was made and duly seconded, the Finance and Audit Committee voted unanimously:

**VOTED: that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston vote to accept the Draft Management Letter for the fiscal year ending June 30, 2014, from CliftonLarsonAllen, LLP, Certified Public Accountants.**

Ms. Ryan explained that once the Trustees vote to accept the Draft Management Letter at the March 17, 2015 meeting, the letter is longer a draft and becomes final.

Ms. Donaghey presented the next item on the Agenda: Designation of Exterior Surplus Space at the North End Branch Library. She explained that the North End Branch has exterior space that is currently used by restaurant, Il Panino, for patio seating as an extension of the restaurant. Similar to what has been done in the Johnson and McKim Buildings at Central Library, the exterior space at the North End Branch needs to be declared as surplus, thus allowing a formal bidding process for use of the surplus space to proceed. The BPL is seeking a 5-year lease on the surplus space. As required by City of Boston guidelines, the BPL will have an outside appraisal firm determine the value of the surplus space, currently leased for \$4,000. An accurate appraisal value will ensure that the BPL is receiving appropriate compensation.

The BPL has signed an extension agreement until October with Il Panino. A Request for Proposals will be advertised, and bids will be reviewed by the BPL. A recommendation will be made to the Finance and Audit Committee who will then make their recommendation to the Board of Trustees. It is anticipated that this will be an Agenda item for the next Finance and Audit Committee meeting.

Ms. Arana-Ortiz asked that the BPL be mindful of broadly distributing the Request for Proposals and asked how it would be advertised. Rep. Rushing advised that elected officials in the North End should be made aware of the Request for Proposals. Ms. Arenas stated the importance of the BPL making this RFP as widely known as possible to ensure there are no questions or concerns about the process.

After motion made and duly seconded, it was:

**VOTED: that, the Trustees Finance and Audit Committee recommend that the Trustees of the Public Library of the City of Boston vote to declare certain exterior areas in the North End Branch Library as listed below, as surplus pursuant to M.G.L. c. 30B, sec. 16A, said exterior areas are not needed for any municipal purpose and shall be used by a potential retail or food service provider, the Boston Public Library shall issue a Request for Proposals for such retail or food service provider through which a successful bidder shall enter into a lease for the designated exterior surplus space.**

Area	Square Footage
Side property	Approx. 600 square feet

Ms. Donaghey next presented to the Committee three pending Requests for Proposals that would be brought before the Trustees for approval at the March 17, 2015 Trustee Meeting. The contracts are for (1) elevator maintenance, (2) window repair, and (3) security patrol. Recent snowstorms have delayed the submission of responses to the RFPs and, accordingly, the contracts were not available for presentation to the Finance and Audit Committee and would go straight to the Trustees. Ms. Donaghey explained that the contracts for elevator and window repair are maintenance contracts allowing the BPL to address repair problems as they occur, and are not part of a specific capital improvement or project plan. All three contracts will begin July 1, 2015.

Ms. Arana-Ortiz indicated that the last security contract had issues surrounding benefits and asked whether those issues had been addressed with this contract. Rep. Rushing also remembered union discussions surrounding the awarding of the last contract. Mr. Maheigan explained that the current Request for Proposal was issued with a requirement to provide

benefits. Ms. Donaghey confirmed that there were no votes to be taken by the Finance and Audit Committee for the three contracts, and they were being introduced here for informational purposes only.

Ms. Arana-Ortiz announced the next Agenda item: Procurement Law Contract Limit Increase. Ms. Donaghey explained that currently contracts valued at more than \$25,000 require a competitive and sealed bid process and are presented to the Trustees for approval. Massachusetts Procurement Law has increased the threshold for these types of contracts from \$25,000 to \$35,000, and the City of Boston has followed suit. Therefore, she explained, in the future only those contracts over \$35,000 will be brought to the Trustees for approval. Ms. Donaghey explained that the BPL does also purchase from state issued and approved contracts. These contracts are not brought to the Trustees for approval.

Ms. Driscoll recommended the Trustees vote on this policy change. Rep. Rushing stated that Trustees would still have the authority to vote on contracts less than \$35,000 if they so desired. He trusts the BPL staff to bring particularly important or unusual contracts to the Trustees attention for consideration and an approval vote, regardless of the \$35,000 threshold.

After motion made and duly seconded, it was:

**VOTED: that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston vote to require Trustee approval only for those competitive and sealed bids which meet or exceed thirty five thousand dollars (\$35,000.)**

The next Agenda item: Extension of CLA Contract for a period of two years, was introduced by Ms. Arana-Ortiz. Ms. Donaghey explained that the contract for independent auditing services is structured as two one-year contracts with an option to renew. It is the BPL's recommendation to extend the current contract so CLA could complete the BPL audit for both FY15 and FY16. The contract would extend through June 30, 2017 to allow the work to be completed. Ms. Donaghey cited that CLA has been a good partner, it understands BPL systems, and operates parallel with the City of Boston. She highlighted the improved infrastructure in place at CLA and recommended that the contract with CLA be extended to June 30, 2017. Ms. Arana-Ortiz pointed out the value-added services that CLA was able to provide at no additional fee. Ms. Donaghey stated that this value-added service will continue through the contract extension. She further explained that through a new software installation, the Accounting Department is now able to generate the BPL's IRS Form 990 in-house and will no longer rely on CLA to do this. This will help to keep the CLA contract to the same amount.

After motion made and duly seconded, it was:

**VOTED: that, the Trustees Finance and Audit Committee recommend the Trustees of the Public Library of the City of Boston vote to extend the contract for Annual Independent Auditing Services with CliftonLarsonAllen, LLP, for a period of two years, to June 30, 2017.**

Ms. Arana-Ortiz indicated the need to reschedule the next meeting and, after discussion, it was agreed that the next meeting of the Finance and Audit Committee be scheduled for Tuesday, April 28, 2015 at 8:00 a.m. Ms. Donaghey pointed out the need for a full complement of members at the next meeting as New England Pension Consultants is prepared to present their proposed 10-year investment strategy.

Ms. Arana-Ortiz next asked that the Minutes of the October 16, 2014 meeting be approved and after motion made and duly seconded, the minutes were so approved.

With no further business before the Committee, the meeting adjourned at 8:40 a.m.

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Deborah A. Kirrane, Clerk of the Board