TO: The Honorable Chairman and Members of the Board of County Commissioners

FROM: Ken Burke
Clerk of the Circuit Court
Ex Officio County Auditor

SUBJECT: Audit of Pinellas Public Library Cooperative

DATE: September 9, 2010

For your review and filing in the Official Records, I am enclosing a copy of the report dated September 9, 2010 on the above-referenced audit.

cc: Mary Brown, Executive Director, Pinellas Public Library Cooperative
    Board of Directors, Pinellas Public Library Cooperative
    Robert S. LaSala, County Administrator
    Elithia Stanfield, Assistant County Administrator
    Jim Bennett, County Attorney
    Claretha N. Harris, Chief Deputy Director, Finance Division
    Ernst & Young
AUDIT OF
PINELLAS PUBLIC
LIBRARY COOPERATIVE

Audit Services
Division of Inspector General

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor

Hector Collazo, Jr., CFE, CFS, CISA, CIG
Director, Audit Services
Inspector General/Chief Audit Executive
Division of Inspector General

Audit Team
Ronald Peters, CIA, CISA, CIGA - Senior Internal Auditor

SEPTEMBER 9, 2010
REPORT NO. 2010-13

*Regulated by the State of Florida
September 9, 2010

The Honorable Chairman and Members
Of the Board of County Commissioners

We have conducted an audit of the Pinellas Public Library Cooperative (PPLC). Our audit objectives were to determine:

- The validity and propriety of PPLC financial transactions and internal controls.
- If the investment policy and the investment vehicles are reasonable.
- If the PPLC and Board of Directors are complying with the Interlocal Agreement, Articles of Incorporation, Bylaws, and Florida Statutes.
- That funding projections are calculated in accordance with applicable documents (i.e., Interlocal Agreement for County Funds and Grant Documents for State funds).
- If Member Libraries are properly requesting, budgeting, expending and accounting for reported Local Funding.
- That other services supplied by the PPLC are effective.

The PPLC has developed a strong internal control environment and has implemented adequate internal controls to support their operational goals and mission. The PPLC’s funding and donation investment policies are proper for the availability of their reserve funds. The PPLC Board of Directors and the PPLC are in compliance with governing regulations and agreements. Member funding by the PPLC is calculated properly, disbursed timely and the supporting documentation adequate for the process. Other services offered to the Members and to the PPLC users properly serve the residents of the County.
Our audit did not identify any audit findings; therefore, there are no Opportunities for improvement presented in this report.

We appreciate the cooperation shown by the staff of the PPLC during the course of this review.

Respectfully Submitted,

[Signature]

Hector Collazo, Jr., Director
Audit Services
Division of Inspector General

Approved:

[Signature]

Ken Burke, CPA*
Clerk of the Circuit Court
Ex Officio County Auditor
*Regulated by the State of Florida
Synopsis

The PPLC operation is cost effective and is delivering adequate services to the Members and the residents of Pinellas County. The PPLC has implemented Member services that support centralization of operation that produce cost savings for the member libraries. The cooperative services to County residents continue to be effectively delivered. Our audit did not identify any audit findings; therefore, there are no Opportunities for improvement presented in this report.

Background

The Pinellas Public Library Cooperative, Inc. was chartered under the laws of the State of Florida and guided by Interlocal Agreement signed by the Board of County Commissioners (BCC). It was established based upon the passage of a Pinellas County referendum in March 1989 that was passed by a 75% majority, and was the first countywide public library cooperative in Florida. Prior to the establishment of the PPLC, county libraries could only serve residents living within their legal boundaries. This referendum offered residents in the unincorporated areas of the county the opportunity to vote to tax themselves up to .5 mils for library service. A formula was developed whereby the County would allocate monies collected in the unincorporated areas to be used to operate the administrative unit and to support member libraries. The Interlocal Agreement between the BCC and the Members was amended in September 1996 and in September 2001. The current agreement will expire September 2013. The funds are allocated to the libraries to be used for:

- Operations,
- Staff,
- Materials purchases,
- Supplies and
- Services,
- Portion of these funds has been used to support buildings – new or renovations.

The Cooperative was established as a not-for-profit corporation. Under Florida law such an entity can be empowered to receive State and Federal funds for library services. It was further decided that a Board of Directors would be set up for the Corporation whose members would be residents of various areas of the county that belonged to the Cooperative, that these Board members would not be employees of any library in the county or elected officials of any Cooperative member city, town or district. The Cooperative was established to:
A. Extend library services to the unincorporated areas of Pinellas County and the municipalities that do not have such services.
B. Improve existing library services to the residents of municipalities and library tax districts.
C. Allow Pinellas County to receive state aid.

The PPLC also offers other services such as:

- Born To Read Program
- Pinellas Talking Book Library For The Blind
- Deaf Literacy Center On Line Information Databases For Members And Residents

The PPLC also oversees the contractor that supplies current services for the Members.

PPLC Member Libraries

The Pinellas Public Library Cooperative serves Pinellas County residents in member cities and the unincorporated county. The Cooperative office provides coordination of activities and funding as well as marketing services for the following 15 member libraries:
<table>
<thead>
<tr>
<th>Library</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Clearwater Public Library System</td>
<td>(727) 562-4970</td>
</tr>
<tr>
<td>Dunedin Public Library</td>
<td>(727) 298-3080</td>
</tr>
<tr>
<td>East Lake Community Library</td>
<td>(727) 773-2665</td>
</tr>
<tr>
<td>Gulf Beaches Public Library</td>
<td>(727) 391-2828</td>
</tr>
<tr>
<td>Gulfport Public Library</td>
<td>(727) 893-1074</td>
</tr>
<tr>
<td>Largo Public Library</td>
<td>(727) 587-6715</td>
</tr>
<tr>
<td>Oldsmar Public Library</td>
<td>(813) 749-1178</td>
</tr>
<tr>
<td>Palm Harbor Library</td>
<td>(727) 784-3332</td>
</tr>
<tr>
<td>Pinellas Park Public Library</td>
<td>(727) 541-0718</td>
</tr>
<tr>
<td>Pinellas County Talking Book Library</td>
<td>(727) 441-9958</td>
</tr>
<tr>
<td>Safety Harbor Public Library</td>
<td>(727) 724-1525</td>
</tr>
<tr>
<td>St. Petersburg Public Library System</td>
<td>(727) 893-7724</td>
</tr>
<tr>
<td>St. Pete Beach Public Library</td>
<td>(727) 363-9238</td>
</tr>
<tr>
<td>Seminole Community Library</td>
<td>(727) 394-6905</td>
</tr>
<tr>
<td>Tarpon Springs Public Library</td>
<td>(727) 943-4922</td>
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</tbody>
</table>

Each member library provides access to information, materials, and programs for the enrichment of individual and community life.

Pinellas Public Library Cooperative
1330 Cleveland Street
Clearwater, FL 33755-5103
Email: contactus@pplc.us
Phone: (727) 441-8408
Fax: (727) 441-8938
Scope and Methodology

We have conducted an audit of the Pinellas Public Library Cooperative (PPLC); the objectives of our audit were to determine:

- The validity and propriety of PPLC financial transactions and internal controls.
- If the investment policy and the investment vehicles are reasonable.
- If the PPLC and Board of Directors are complying with the Interlocal Agreement, Articles of Incorporation, Bylaws, and Florida Statutes.
- That funding projections are calculated in accordance with applicable documents (i.e., Interlocal Agreement for County Funds and Grant Documents for State funds).
- If Member Libraries are properly requesting, budgeting, expending and accounting for reported Local Funding.
- That other services supplied by the PPLC are effective.

To meet these objectives we:

- Tested cash receipts.
- Tested disbursements and other transactions.
- Tested determined if proper internal controls were in place to cover these functions.
- Analyzed the availability of funds and how the funds are invested.
- Reviewed applicable documents.
- Tested for compliance to the Interlocal Agreement, Articles of Incorporation, Bylaws and Florida Statutes.
- Tested calculations in the Cooperative Funding Projection schedules for Fiscal Years 2009 and 2010.
- We ensured that member libraries filed the expenditures reports required under the Interlocal Agreement as Local Funding.
- Reviewed the functions related to the Talking Book Library to determine if the services are adequate.

Our audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and the Standards for Offices of Inspector General, and accordingly, included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The audit period was October 1, 2009 through May 31, 2010. However, transactions and processes reviewed were not limited by the audit period.

Overall Conclusion

The PPLC has developed a strong internal control environment and has implemented adequate internal controls to support their operational goals and mission. The PPLC’s funding and donation investment policies are proper for the availability of their reserve funds. The PPLC Board of Directors and the PPLC are in compliance with governing regulations and
agreements. Member funding by the PPLC is calculated properly, disbursed timely and the supporting documentation is adequate for the process. Other services offered to the Members and to the PPLC users properly serve the residents of the County.

Our audit did not identify any audit findings therefore, there are no Opportunities for improvement presented in this report.

Our audit was neither designed nor intended to be a detailed study of every relevant system, procedure or transaction. Accordingly, our review may not be all-inclusive of areas where improvement may be needed.