



Nova Southeastern University
Joint Use Library Agreement:
Review of Public Usage

Office of the County Auditor

Review Report

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OFFICE OF THE COUNTY AUDITOR

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October 18, 2022

Honorable Mayor and Board of County Commissioners

Pursuant to the FY 2022 Annual Audit Plan, we conducted a review of public usage of the Alvin Sherman Library as required by the Nova Southeastern University Joint-Use Library Agreement (Agreement). Under the County's Joint-Use library Agreement with Nova Southeastern University, the amount of County funding participation is based on the percentage of public usage.

Our objectives were to calculate the percentage of public usage for the Joint Use Library to determine the percentage of annual operating expenses for which the County is responsible per the Agreement for the period July 1, 2022, through June 30, 2027, and to determine whether the process for collecting and reporting the measures of public usage at the Joint-Use Library for the review period is adequate.

We conclude that percentage of public usage for the Joint-Use Library based on circulation is 61%. According to the Agreement, we conclude the County is responsible for 50% of the annual operating expenses for the period July 1, 2022, through June 30, 2027. We conclude the process for collecting and reporting the measures of public usage at the Joint-Use Library for the review period is adequate. Opportunities for Improvement are included in the report.

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

We appreciate the cooperation and assistance provided by Nova Southeastern University and Broward County Libraries Division throughout our review process.

Respectfully submitted,

A handwritten signature in blue ink that reads "Bob Melton".

Bob Melton
County Auditor

Broward County Board of County Commissioners

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George L. Hanbury II, President, Nova Southeastern University
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INTRODUCTION

Scope and Methodology

The County Auditor's Office conducts audits of Broward County's entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders, unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Pursuant to the FY 2022 Annual Audit Plan, we conducted a review of public usage of the Alvin Sherman Library as required by the Nova Southeastern University Joint-Use Library Agreement (Agreement). Our review objectives were to:

1. Calculate the percentage of public usage for the Joint Use Library to determine the percentage of annual operating expenses for which the County is responsible per the Agreement for the period July 1, 2022, through June 30, 2027.
2. Determine whether the process for collecting and reporting the measures of public usage at the Joint-Use Library for the review period is adequate.
3. Determine whether other opportunities for improvement exist.

To calculate the percentage of public usage for the Joint Use Library to determine the percentage of annual operating expenses for which the County is responsible per the Agreement for the period July 1, 2022, through June 30, 2027, we performed data analytics on library circulation transactional data and evaluated our results against public usage calculations performed by management of the Alvin Sherman Library.

To evaluate the process for collecting and reporting the measures of public usage for the review period, we reviewed circulation and membership policies and procedures, performed data analytics on circulation and membership data, inspected a sample of patron registration records and evaluated access, security, and monitoring controls for the Sierra Integrated Library System (Sierra).

We conducted this review in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the review to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our review objectives.

Our review included such tests of records and other auditing procedures, as we considered necessary in the circumstances. The review period was July 1, 2021, through June 30, 2022. However, transactions, processes, and situations reviewed were not limited by the review period.

Overall Conclusion

We conclude that percentage of public usage for the Joint-Use Library based on circulation is 61%. According to the Agreement, we conclude the County is responsible for 50% of the annual operating expenses for the period July 1, 2022, through June 30, 2027. We conclude the process for collecting and reporting the measures of public usage at the Joint-Use Library for the review period is adequate. Opportunities for Improvement are included in the report.

Background

Nova Southeastern University Joint-Use Library Agreement

On December 14, 1999 (Agenda Item 80), the Board of County Commissioners approved an agreement with Nova Southeastern University (“NSU”) for the design, construction, and operation of a Joint-Use library and parking garage located on NSU’s main campus in Davie, Florida. The Agreement provides for a joint-use library supported by County funding for a portion of capital construction costs and subsequent operational expenses for a term of 40 years.

The Joint-Use Library opened on December 8, 2001, and the agreement required the County to pay 40% of annual operating costs for the first five fiscal years; however, during the last six months of the 5th, 10th, 15th, 20th, 25th, and 35th Joint-Use Library’s fiscal years of operation, there shall be a review of the usage records for the library for the prior 12 months.

Should public usage represent greater than 40% of total patronage, County funding is subject to increase to that percentage, not to exceed 50% of annual operating expenses. Thus, the County’s percentage share of the annual operating expenses shall never be more than 50% or less than 40%. The Agreement defines usage as physical entry into the facility, or circulation of materials, or use of on-line resources.

Members of the public have access to the Joint-Use Library which offers programming for children and adults, as well as special exhibits. Once an individual demonstrates that they live, work, or attend school in Broward County (“Public Patrons”), they are eligible to apply for a Joint-Use Library card. Once a library card is approved, public patrons are permitted to use circulation

materials, databases, study rooms, conference rooms, computer terminals, interlibrary loan, reference materials, and electronic classrooms.

Contract Amendments FY 2007 through FY 2022

There were 10 contract amendments during FY 2007 through FY 2022. Eight of these amendments authorized reductions in the County's funding due to property tax revenue reductions. As a result of these amendments, the Office of the County Auditor did not review the percentage of public usage for the 10th fiscal year. The Office of the County Auditor performed a review for the 15th fiscal year resulting in the County contributing 50% of the Joint Use library expenses for the period July 1, 2017, through June 30, 2022. Pursuant to the 10th Amendment in FY 2019, the County agreed to contribute \$5,000,000 towards the build-out of the Library's Innovation Center. In FY 2022, the 10th amendment was modified to increase funding by \$1,750,000, for a total of \$6,750,000. The contract amendments are outlined in Appendix A.

Public Usage Percentages

The Agreement requires the library to maintain usage records indicating which library patrons are students and employees and the number of patrons who are members of the general public. Per the agreement, the term usage means either;

1. Physical entry into the library
2. Circulation of library materials
3. Use of on-line resources

During our preliminary review, we noted that records related to the circulation of library materials are the most reliable. Circulation is a library term that means checking out materials to users. Our review included analysis of material check-out data for students, employees, and the general public to determine the percentage of public usage. This data is contained within the Sierra Integrated Library System.

Library Information Systems

The Joint-Use Library utilizes the Sierra Integrated Library System (Sierra) to manage their circulation activity. Sierra is managed by the vendor, Innovative Interfaces, Inc., and provides automated workflows that handle library processes. The library's System Team manages user access to the application using approved access requests tickets to grant, modify and revoke user

access to Sierra. Innovative Interfaces, Inc. maintains the application and provides all system upgrades. Circulation transactions are stored in the database supporting the application.

Current Measurement Period and Public Usage Calculation

Our measurement period to calculate the percentage of public usage is from July 1, 2021, through June 30, 2022. The resulting usage percentage will apply to the County funding requirement, per the Joint-Use Agreement, for the period July 1, 2012, through June 30, 2027.

OPPORTUNITIES FOR IMPROVEMENT

Our review disclosed certain policies, procedures and practices that could be improved. Our review was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed.

1. User Administration Procedures Should be Enhanced.

During our review we noted that the library's Systems Team uses a ticketing system to manage and authorize requests for access to the Sierra system; however, we noted that:

- A. Management's policies and procedures do not specify the type of functional access within Sierra that employees should be granted based on job title or group. Functional access defines the tasks that a user is able to perform with Sierra. Access request policies and procedures should define the authorized roles and the functional access granted to each role based on job responsibilities. Without definitions of authorized roles and the functional access that goes along with it, access may not be consistently granted or limited to only the access needed to perform job functions.
- B. Access request tickets are not structured to ensure that all the information required to authorize and grant user access to Sierra is consistently submitted. Access request tickets should require sufficient detail to ensure employees receive the appropriate level of access and to ensure management has a clear understanding of the access they are authorizing. Inadequate detail about the access being requested or authorized increases the risk of inappropriate access.
- C. Access request tickets are not consistently utilized to revoke user access, as required by Library policy. Per inquiry with management, Library System Administrators disable access when they learn that an employee has been terminated and, due to the sensitive nature of employee terminations, tickets are not consistently used. The "New and Inactive Employee Access Procedure" requires tickets to be used when system access/permissions are removed. Without adequate documentation of access revocation requests, management consistent record of the request to remove access and the authorization of that request. In addition, management may not be able to demonstrate that access was removed timely.

- D. Access to sensitive functions within Sierra can be enhanced to further segregate access based on the principle of least privilege. For the purposes of our review, sensitive functions were limited to the creation, updating, and deletion of patron records and the ability to conduct circulation transactions. We noted that access to conduct and modify circulation transactions can be further segregated amongst patron-facing roles and back-end or information technology roles. We noted that employees within the following functional areas have the ability to conduct and/or modify patron transactions which may not be required for the performance of their job responsibilities:

- ❖ Administration
- ❖ Systems
- ❖ Technical Services

A lack of adequate segregation of duties increases the risk of inappropriate activity if not appropriately compensated for by additional monitoring. *(See Opportunity for Improvement #2)*

User administration procedures should be adequate to ensure that access requests are adequately documented to reflect the access being requested, management's approval of that access, the action taken to fulfill the request, and the date that action was taken. In addition, management should ensure that access to sensitive functions is based on job responsibilities and the concept of least privilege. A lack of adequate user administration procedures and practices increases the risk of unauthorized and inappropriate access.

We recommend management:

- A. Enhance user access request policies and procedures to specify the type of functional access within Sierra that employees should be granted based on job title or group.
- B. Ensure access request tickets are structured to contain all the information required to authorize and grant user access.
- C. Consistently use access request tickets to revoke user access, as required by Library policy.
- D. Further enhance the segregation of access to sensitive functions within Sierra based on the principle of least privilege.

Nova Southeastern University Library Systems' Response:

For both new account requests and account termination requests, NSU Library Systems has implemented an enhancement to the current user account administration ticketing system. It is the supervisor's responsibility to submit a SysAid Ticket for any new or inactive employee as soon as they are aware of their start date or last day of employment. A list of permissions, workflow information, and templates are also included in the enhanced ticketing system.

2. Logging and Monitoring Procedures Over Circulation Activities Should be Enhanced.

Although management performs monitoring activities including analysis of circulation transactions conducted by employees, management does not analyze records to determine whether unusual trends related to circulation activities by patron types exist. The County's funding obligation are based circulation activities by patron type, defined as public (Broward County residents) or students (NSU students). Management should ensure appropriate controls are in place to identify any unusual trends related to this data. Without adequate monitoring, the risk of erroneous or inappropriate activity occurring without detection increases.

We recommend management enhance circulation monitoring procedures to effectively monitor unusual circulation activity.

Nova Southeastern University Library Systems' Response:

In order to detect abnormal circulation activity, NSU Library Systems is currently investigating methods to improve its existing circulation monitoring procedures.

Appendix A – Contract Amendments

Agreement History

County Auditor Report 2007-15, Nova Southeastern University Joint-Use Library Agreement: Review of Reported Public Usage, dated April 20, 2007

During the first measurement period in the 5th fiscal year (January 1, 2006, to December 31, 2006), the Office of County Auditor reviewed the usage records maintained by NSU to validate reported public usage of the joint-use library and determined that:

- ❖ Circulation of materials was the only measure subject to consistent controls that could produce recorded, discrete transactions to substantiate reported usage levels.
- ❖ NSU retained limited records of circulation activity, the details of which were not sufficient to validate reported usage via circulation.

First Contract Amendment Highlights – October 2, 2007 (Agenda Item No. 18)

Due to significant reductions in property tax revenue and related reductions in the County's fiscal year (FY) 2008 budget, the agreement was amended and included the following pertaining to the County obligations for operating expenses:

- ❖ The parties agreed to reduce the County's obligations due during the County's FY 2008 by an amount equal to the reduction in FY 2008 Recommended Operating Budget for the Libraries Division, then 9%.
- ❖ The Broward County Auditor agreed to review changes in the NSU's circulation system by October 31, 2007, and advise if the data collected and retained by NSU was sufficient for the alternate usage measurement period of June 1, 2007, to May 31, 2008. The results of the usage measurement period will affect any adjustment to the County's percentage share of operational expenses for the period October 1, 2008, to June 30, 2012.
- ❖ For the next usage period beginning January 1, 2011, the County and NSU agreed to evaluate usage measurement methods to improve accuracy.
- ❖ NSU and the County agreed to work to resolve future issues as a result of adjustments to the County's revenues. NSU understood that operating expense for the library should be adjusted similarly to any decrease in the County Libraries budget.
- ❖ NSU and the County agreed to delay the implementation of any change in the percentage the County pays of the operating expense until October 1, 2008.

County Auditor Report 2008-18, Nova Southeastern University Joint-Use Library Agreement: Review of Reported Public Usage from June 1, 2007, to May 31, 2008, dated July 29, 2008

As a result of our review, we concluded that patron types appear to be correctly assigned to enable usage measurement and we concluded that the average percentage of public circulation usage during the audit period was 54.0%.

Second Contract Amendment Highlights – November 13, 2008 (Agenda Item No. 82)

Due to significant reductions in property tax revenue and related reductions in the County's FY 2009 budget. The County's FY 2009 contribution to library operating expenses and materials was further reduced by 10%. NSU agreed to reduce the NSU library budget accordingly.

Third Contract Amendment Highlights – August 25, 2009 (Agenda Item No. 42)

This amendment released the County from remaining payment obligations for parking garage construction costs in the amount of \$10,739,831 and modified the number of parking spaces available to the general public. This amendment had no effect on operating expenses or the usage measurement period.

Fourth through Ninth Contract Amendments Highlights – FY 2010 through FY 2018

There were further reductions in the County's funding for FY 2010 through 2015 due to property tax revenue reductions. During the second measurement period in the 10th fiscal year (January 1, 2011, to December 31, 2011), the Office of County Auditor did not review the percentage of public usage for the usage measurement period beginning January 1, 2011, as a result of the property tax revenue reductions and resulting adjustments to County funding for the Joint-Use Library. This percentage would have applied to County funding for NSU fiscal years 2013 through 2017.

Tenth Contract Amendment Highlights – FY 2019 through FY 2022

In 2019, the County and University agreed that every obligation relating to the fifth-floor build-out for the Innovation Center was to be replaced by the Tenth Amendment. The Tenth amendment stated that the County and the University would each contribute Five Million Dollars (\$5,000,000) for a total of Ten Million Dollars (\$10,000,000) for the build-out. Upon the County's contribution of Five Million Dollars (\$5,000,000), the County's obligations in connection with the build-out would be deemed satisfied, and the County will have no further financial responsibility.

In 2022, the County and University modified the Tenth Amendment whereas the County and the University each agreed to contribute an additional One Million Seven Hundred and Fifty Thousand Dollars (\$1,750,000) for a total of Six Million Seven Hundred and Fifty Thousand Dollars (\$6,750,000), representing a total of \$13,500,000 for the Innovation Center.