



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – September 9, 2021

State Library of Massachusetts—George Fingold Library

For the period January 1, 2019 through December 31, 2020





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Ms. Elvernoy Johnson, State Librarian
State Library of Massachusetts—George Fingold Library
Massachusetts State House, Room 341
24 Beacon Street
Boston, MA 02133

Dear Ms. Johnson:

I am pleased to provide this performance audit of the State Library of Massachusetts. This report details the audit objective, scope, methodology, and conclusion for the audit period, January 1, 2019 through December 31, 2020. My audit staff discussed the contents of this report with management of the agency.

I would also like to express my appreciation to the State Library of Massachusetts for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump
Auditor of the Commonwealth

cc: Senator James B. Eldridge, Designee for the President of the Senate
Representative Kate Hogan, Designee for the Speaker of the House
John Rosenberry, Designee for the Secretary of the Commonwealth
Michele Capone, Trustee of the State Library
Robert A. Cerasoli, Trustee of the State Library
Teresa Koster, Trustee of the State Library

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EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the State Library of Massachusetts (SLM) for the period January 1, 2019 through December 31, 2020. In this performance audit, we reviewed the activities of SLM's Expendable Trust Fund to determine whether SLM collected and reported library revenue in accordance with library policies and procedures and the General Laws.

Our audit revealed no significant instances of noncompliance by SLM that must be reported under generally accepted government auditing standards.

OVERVIEW OF AUDITED ENTITY

The George Fingold Library was established in 1826 and became the State Library of Massachusetts (SLM) under Section 1 of Chapter 380 of the Acts of 1960. SLM is the custodian of important governmental and historical documents, photographs, and maps. According to its website,

The State Library supports the research and information needs of government, libraries, and the public through innovative services and access to a comprehensive repository of state documents and other historical items.

Section 3 of Chapter 412 of the Acts of 1984 established a depository program that requires each state agency to give SLM eight copies of each of its publications for reference. Three of the eight copies are cataloged and added to SLM's permanent collection. The other five are distributed to the Library of Congress and the state's regional public libraries.

SLM is overseen by a board of trustees that, according to Section 33 of Chapter 6 of the Massachusetts General Laws, is made up of the state Senate President, the Speaker of the state House of Representatives, and the Secretary of the Commonwealth—who act as ex officio trustees—and four other members appointed by the Governor for four-year terms. The board selects from its members a chairperson to serve for a term of one year. In addition, according to Section 35 of Chapter 6 of the General Laws,

The governor, with the advice and consent of the [Governor's Council, a group of appointed or elected advisors], shall appoint a librarian of the state library, who shall hold office during [the librarian's] pleasure.

In fiscal years 2019, 2020, and 2021, SLM received state appropriations of \$884,540, \$964,315, and \$1,031,784, respectively. SLM is located in the State House in Boston, and during our audit period it had 16 employees.

SLM Revenue

SLM has established the Expendable Trust Fund in the state's accounting system, the Massachusetts Management Accounting and Reporting System, to account for the revenue it receives (e.g., service and membership fees). Section 37A of Chapter 6 of the General Laws authorizes the library's trustees to receive "in trust for the commonwealth any gift or bequest of money or securities," which must be deposited with the State Treasurer.

The total revenue that SLM received during the audit period appears below.

SLM Revenue

Fiscal Year	Amount
Fiscal Year 2019 (January 1, 2019 through June 30, 2019)	\$ 2,718
Fiscal Year 2020	7,943
Fiscal Year 2021 (July 1, 2020 through December 31, 2020)	367
Total	<u>\$ 11,028</u>

SLM receives the following types of revenue.

Photocopying

SLM has a copy machine in its reading room so patrons can scan and copy documents. To use the machine, a patron must purchase a copy card for \$0.50 from the Jamex cash-only card reader machine in the library and add value to it through the same machine. Black-and-white copies are \$0.20 per page; color copies are \$0.50 per page. Each day, the SLM program coordinator removes the cash from the card reader machine, counts it, enters the amount on a revenue tracking spreadsheet, and deposits it in SLM's bank account at Santander Bank.

SLM also copies documents for online patrons. Fees for online copying services vary by document. Patrons who want online copying services go to PayGo, a third-party website that allows them to make credit card payments for services; obtain a receipt; and send it via mail or email to the SLM librarian, who provides the copies. SLM uses an automated clearinghouse (a service to transfer funds electronically) to move revenue from online purchases into its bank account.

Reproduction and Scanning

On request, SLM provides either physical copies or electronically scanned documents (e.g., books, periodicals, and artwork) to the public. Fees for reproduction and scanning vary according to what items are requested and who the requester is (an individual, a nonprofit organization, or a commercial enterprise).

E-commerce Storefront

SLM operates an e-commerce storefront through a private vendor. Merchandise available through the storefront includes books, prints of maps, tote bags, and notecards. Payments are made by credit card and deposited automatically in SLM's bank account. The State Treasurer sweeps all the funds from SLM's Santander account into a central depository account, which is the standard procedure for most state agencies that receive revenue.

Gifts, Bequests, and Donations

The library accepts monetary donations by check and credit card. Credit card transactions are accepted through PayGo. Also, as previously noted, Section 37A of Chapter 6 of the General Laws authorizes the library trustees to accept gifts and bequests of money and securities for SLM.

Adopt a Book or Map

SLM has an Adopt a Book or Map program that provides SLM with revenue it can use to preserve and digitize rare, fragile, and damaged books and maps in its document collection. A patron can choose one of three levels of sponsorship—gold (\$150), silver (\$100), and bronze (\$50)—to adopt a specific book or map. According to the SLM website, once it receives a donation,

[SLM] will put a custom, personalized book plate in each volume or on the item's container so that users will know whose generosity provided for continuing and future use of the resource. Donors will also be acknowledged (with their permission) on a special webpage set up to thank our generous donors.

Friends of the State Library

Friends of the State Library is a paid membership program that helps SLM raise the revenue it needs to fulfill its mission. According to the SLM website, members "can take advantage of . . . on-going exhibits, tours, author series, and other events." Membership fees are \$25 for individuals, \$10 for senior citizens, and \$500 for businesses.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor (OSA) has conducted a performance audit of the State Library of Massachusetts (SLM) for the period January 1, 2019 through December 31, 2020.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is our audit objective, indicating the question we intended our audit to answer and the conclusion we reached regarding the objective.

Objective	Conclusion
1. Did SLM ensure that it collected and reported revenue in accordance with its policies and procedures, Section 37A of Chapter 6 of the General Laws, and Section 50 of Title 801 of the Code of Massachusetts Regulations?	Yes

To achieve our audit objective, we gained an understanding of the internal control environment related to the objective by reviewing the applicable laws and SLM policies and procedures, interviewing SLM management and other staff members, and observing various activities conducted by SLM staff members in relation to the administration of revenue. We evaluated the design and implementation of the controls over these revenue-related activities. In addition, we performed the following procedures to obtain sufficient, appropriate evidence to address our audit objective.

Revenue Collection

To determine whether SLM properly administered the collection, deposit, and recording of its revenue, we reconciled SLM's bank statement information from the audit period with information in the Massachusetts Management Accounting and Reporting System (MMARS) to verify that all SLM's revenue deposits were credited to its Expendable Trust Fund.

We selected a random, nonstatistical sample of 35 revenue transactions from the population of 109 revenue transactions that, according to MMARS and SLM records, occurred during our audit period. We referred to SLM's fee schedules to determine whether the correct amount had been collected for each transaction. We ensured that all revenue received had been credited to SLM's Expendable Trust Fund and posted to MMARS by SLM employees who were authorized to do so.

Data Reliability

In 2018, OSA performed a data reliability assessment of MMARS that focused on testing selected system controls (i.e., access, security awareness, audit and accountability, configuration management, identification and authentication, and personnel security) for the period April 1, 2017 through March 31, 2018.

As part of our current audit, we interviewed SLM officials about the revenue process and reviewed user access to MMARS to ensure that transactions processed were executed by authorized users. We also performed the following tests related to data integrity.

- We selected a sample of 20 of the 109 revenue transactions that occurred during our audit period and traced information about the transactions to SLM bank statements and revenue receipt documents. We reconciled this information to the revenue information SLM reported in MMARS.
- We asked SLM officials to select 20 revenue transactions from the agency's financial records and provide us with the date, revenue source, amount, reason, and payment method for each transaction. Once we got this information, we traced the revenue transactions back to MMARS and SLM's bank statements.

We determined that the data obtained from MMARS were sufficiently reliable for the purposes of our audit work.

Conclusion

Our audit revealed no significant instances of noncompliance that must be reported under generally accepted government auditing standards.