



Bridget Quinn-Carey
Interim President & Chief Executive Officer

July 1, 2015

Marjorie Landa
Deputy Comptroller for Audit
City of New York
Office of the Comptroller
1 Centre Street – Room 1100
New York, N.Y. 10007-2341

Dear Ms. Landa:

We are in receipt of the draft of the Audit Report on the Financial and Operating Practices of Queens Borough Public Library dated June 17, 2015. As requested in your correspondence dated June 17, 2015, I am submitting the Library's overall response and a response that addresses each recommendation made in the draft audit report.

Overall, the audit findings were accurate in reflecting Library practices prior to the implementation of reforms and added internal controls, including new and revised policies and procedures; a process that is ongoing. The audit findings included opinions regarding appropriate expenses and operational decisions that will be reviewed carefully by the administration and Board, including the context in which those decisions were made. The audit scope reflects the practices of a prior administration; the current administration and Board of Trustees has made oversight, transparency and financial controls a priority.

Recommendations 1: *Revise its policies and procedures to ensure that proper Board oversight responsibilities are established and exercised for all aspects of the Library's operations, including but not limited to activities of the CEO and other executive staff.*

The Library accepts this recommendation and has implemented new policies and procedures over the past year that have strengthened fiscal accountability. In accordance with best financial practices, all policies will be reviewed and updated regularly.

Many new initiatives have been implemented over the past year that include the establishment of a new Audit Committee to oversee all audit functions, whistleblower and conflicts of interest issues; financial training for the Board of Trustees; increased transparency through public disclosure of Library financial statements and Form 990s (retroactive for the last five years); the first annual budget hearing with public participation; and the following policies that establish increased accountability and oversight:

- a. A revised Business Expense Policy was adopted that establishes a new review and approval process for business expenses incurred by all employees including the CEO, COO and CFO. The policy provides clear allowable expense guidelines and approval procedures.
- b. The Credit Card Policy will be revised to reflect new procedures, already in place, that require the Chairperson of the Library's Board of Trustees to approve the credit card charges made by the CEO on a monthly basis.
- c. A revised Professional Development/Institutional Advancement Policy was adopted, strengthening policy and procedures for conference attendance and participation.
- d. A new Budget Policy that provides a broad framework for budget decisions and implements a process to ensure efficient and transparent financial planning, including the new requirement to hold a budget hearing.
- e. A revised Conflict of Interest Policy for all employees, including Senior Officers and Trustees in accordance with the Nonprofit Revitalization Act. A new Disclosure of Wrongful Conduct & Prohibition Against Retaliation (Whistleblower) Policy that outlines the policy and procedures for reporting wrongful conduct.
- f. A Public Access to Records of the Queens Borough Public Library Policy was issued to outline the procedures to provide public access to information pursuant to the Freedom of Information Law (FOIL).

In addition, a revised Purchasing Policy is in progress and will be coordinated with the internal audit process further described in response to Recommendation 2 that is scheduled to begin in the first quarter of Fiscal Year 2016. Additional policies will be implemented to ensure oversight in coordination with the Board of Trustees. All financial policies will be reviewed by the Board of Trustees.

Recommendation 2: *Ensure the establishment and enforcement of proper financial controls for the effective use of the QBPL's resources.*

As discussed at the exit conference, the Library accepts this recommendation. In addition to the initiatives, policies and procedures outlined in the Library's response to Recommendation 1 above, the Library has implemented enhanced training, communication and review of all documentation for expenses incurred in compliance with the new policies issued.

The Board of Trustees, at the recommendation of the Audit Committee, has engaged an auditing firm to begin an on-going internal audit of all operational areas of the Library, based upon a risk assessment already performed. We anticipate that recommendations resulting from this audit will lead to the establishment of new and enhanced internal controls.

Recommendation 3: *Revise the timekeeping policy to ensure all employees, including managerial employees, properly account for their work hours.*

The Library accepts this recommendation; we are in the final phase of selecting a vendor to implement an automated time, leave and scheduling system for all employees in the organization. Policies and procedures will be implemented in coordination with best practices and the new system roll out.

Recommendation 4: *Review prior W-2s issued by the QBPL to determine the value of any income not properly stated and take appropriate action, including reissuing any W-2s if necessary.*

The Library accepts this recommendation and will continue to review all reportable compensation. In accordance with IRS rules and regulations the Library will reissue W-2s to reflect any income not properly stated as outlined in the audit report.

Recommendation 5: *Recoup the value of any improper personal expenditures from credit card users or revise the W-2 forms to include the personal charges as wages of the staff.*

The Library accepts this recommendation and will continue to review credit card expenditures that are questionable or appear to be inconsistent with the Library's mission. If determined to be personal in nature, the Library, consistent with Library policy and IRS rules and regulations, will endeavor to recoup the value or revise the W-2 forms as appropriate.

Recommendation 6: *Ensure going forward that all reportable compensation is included as taxable income on employees' W-2s.*

The Library accepts this recommendation and will ensure that all reportable compensation is included as taxable income on employees' W-2's going forward.

Recommendation 7: *Establish a reasonable methodology to properly allocate costs among different funds.*

As discussed at the exit conference, this recommendation refers to the allocation of management and general expenses among the various funds maintained by the Library and with the Queens Library Foundation. We will take this recommendation under advisement. The Library will review how similar not-for-profit institutions allocate costs among funds, and if necessary, seek input from the Library's auditors, and with input from the Board of Trustees, will establish a methodology for allocating expenses among funds that is appropriate and consistent with the purposes of the funds and statutory and contractual obligations of the Library with the City of New York and other revenue sources in accordance with best practices of not-for-profit entities.

Recommendation 8: *Maintain accurate records to support fund allocations and other financial and operational decisions, including raises, bonuses, staff reductions and reductions in services.*

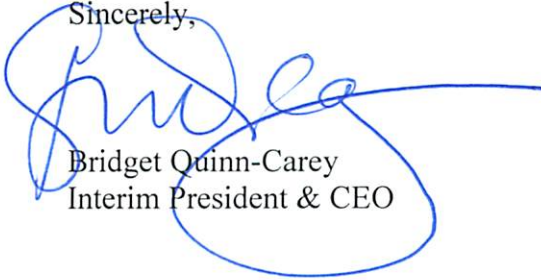
The Library accepts this recommendation and will ensure that fund allocations, and employee related compensation modifications will be documented.

Recommendation 9: *Review the QBPL's policies and procedures to ensure that they adequately promote the mission of the Library and ensure the proper allocation of resources.*

As described in response to Recommendation 1 above, new policies and procedures have been reviewed, revised and implemented to ensure compliance with the Library's mission.

We appreciate the audit work done by the Comptroller and his staff. Strengthening the Library's fiscal accountability is a top priority for the Board of Trustees and management. The recommendations provided in this report are certain to assist us in meeting that goal.

Sincerely,



Bridget Quinn-Carey
Interim President & CEO