

GALVESTON COUNTY



Office of County Auditor

Randall Rice CPA CISA CIO, County Auditor
Kristin Bulanek CIA, First Assistant County Auditor

P.O. Box 1418, Galveston, Texas 77553

(409) 770-5304

722 Moody Ave 4th Floor, Galveston, TX 77550

June 1, 2020

Honorable Mark A. Henry, County Judge, and
Members of the Commissioners Court
722 Moody Avenue
Galveston, Texas 77550

Honorable Mark A. Henry and Members of the Court:

Attached to be received and filed is the internal audit report of the Rosenberg Library Association. The audit covered the period October 1, 2018 through September 30, 2019. Also attached is the response letter from Brent Hartzell, Chief Financial Officer, dated May 11, 2020.

Sincerely,

Randall Rice CPA Digitally signed by Randall Rice CPA
Date: 2020.05.22 11:01:11 -05'00'

Randall Rice CPA
County Auditor

cc: Brent Hartzell, Chief Financial Officer

Attachment: Rosenberg Library Association Internal Audit Report
Response Letter, Brent Hartzell

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April 15, 2020

To: Mr. Brent Hartzell
Chief Financial Officer

From: Mr. Randall Rice CPA
County Auditor

Re: Rosenberg Library Association Internal Audit Report

The Internal Audit Division conducted an internal audit of the Galveston County Library System by and through the Rosenberg Library Association on behalf of the Department of Professional Services. The audit covered the period October 1, 2018 through September 30, 2019. The purpose of the audit was to ensure compliance with the agreement between Galveston County and the Galveston County Library System by and through the Rosenberg Library Association.

Introduction

In 1941, a petition was presented to the Commissioners Court requesting them to contract with the Rosenberg Library Association to assume the functions of a county library within the county including its municipalities. The county contracted for these services on November 17, 1941. In the intervening years, additional municipality libraries were organized and the Galveston County Library System was created. It now includes all the municipal libraries in Galveston County, and the county now contracts with this system to provide library services to citizens in unincorporated areas of the county and those needing special library services. The Rosenberg Library Association continues to act as fiscal agent for county funds for all municipal libraries (Member Libraries) and outreach services. The parties entered into this agreement pursuant to LGC §323.011 Participation with an Established Library. The agreement covering the audit period was approved by Commissioners Court September 26, 2018 for the amount of \$593,000.00, \$10,500.00 more than the previous fiscal year.

Member Libraries

The Galveston County Library System is composed of the following libraries:

- a) Rosenberg Library in Galveston
- b) Helen Hall Library in League City
- c) Friendswood Public Library in Friendswood
- d) La Marque Public Library in La Marque
- e) Mae S. Bruce Library in Santa Fe
- f) Mares Memorial Library in Dickinson
- g) Moore Memorial Library in Texas City
- h) Genevieve Miller Hitchcock Public Library in Hitchcock

The System Advisory Council consists of representatives from each member library of the Galveston County Library System. The System Advisory Council, with the Rosenberg Library Association acting as fiscal agent, agrees to manage and distribute, as determined by the System Advisory Council, county funds to all member libraries. The amount of funding provided to the individual member libraries is determined by specific needs of the member library.

The following reflects Rosenberg Library’s distribution of county funds to the member libraries for FY2019:

Member Libraries	Amount	
7925 - League City Public Library	\$ 146,679.26	40.61%
7935 - Texas City Public Library	\$ 75,603.96	20.93%
7910 - Friendswood Public Library	\$ 46,939.34	13.00%
7905 - Dickinson Public Library	\$ 28,600.98	7.92%
7920 - La Marque Public Library	\$ 26,531.60	7.35%
7930 - Santa Fe Public Library	\$ 22,213.55	6.15%
7915 - Hitchcock Public Library	\$ 14,605.96	4.04%
Total	\$ 361,174.65	100.00%

Extension and Outreach Services

Rosenberg Library’s Extension and Outreach Services provide community outreach programs to Galveston area residents. Extension Services offers Books-by-Mail for the homebound and various county institutions, and the Extension Services van provides services to other Galveston County libraries, nursing facilities, hospitals and adult and senior community centers. The expense categories related to extension and outreach services consist of payroll and staff development, library resources (book purchases, sound recordings, public databases, videotapes, photocopying) and business expenses (overhead, insurance, telephone, transportation/vehicle operation, office supplies, postage, advertisement). The following reflects the extension and outreach services expenditures for FY2019.

Extension & Outreach Services		
Payroll & Staff Development	\$ 70,621.42	45.52%
Library Resources	\$ 42,940.24	27.68%
Business Expenses	\$ 41,572.61	26.80%
Total	\$ 155,134.27	100.00%

Direct Allocation

Direct Allocation expenditures are related to computer services, children services and adult services provided at the Rosenberg Library. The expenditures for adult services and children services include book purchases, public databases, sound recordings and videotapes. The following reflects the direct allocation expenditures for FY2019.

Computer Services		
Automated System Maintenance	\$ 20,735.00	25.75%
Adult Services		
Book Purchases	\$ 4,721.31	5.86%
Public Databases	\$ 3,118.78	3.87%
Sound Recordings	\$ 96.76	0.12%
Videotapes	\$ 28,596.41	35.52%
Children Services		
Book Purchases	\$ 3,752.05	4.66%
Sound Recordings	\$ 2,252.19	2.80%
Videotapes	\$ 17,240.52	21.41%
Total	\$ 80,513.02	100.00%

Grant Funding

Section 2(j) of the contract states the Galveston County Library System will pursue grant funding and/or consortia agreements and will foster and encourage cost-effective sharing of materials, funds and knowledge.

Finding: The auditor was informed the Galveston County Library System does not pursue grant funding.

Recommendation GCLS-20-01: To ensure compliance with the contract, the Galveston County Library System must pursue grant funding. If this is not possible, the contract may need to be revised.

We wish to thank Mr. Gentile, Interim Budget Officer during the time the audit was performed, and his staff for their cooperation and assistance.

cc: Randall Rice CPA, County Auditor
Kristin Bulanek CIA, First Assistant Auditing
Jim Gentile, Director of Grants



County of Galveston
Professional Services Department
Brent Hartzell, Chief Financial Officer

May 11, 2020

Mr. Randall Rice, CPA
Galveston County Auditor
722 Moody Avenue, 4th Floor
Galveston, TX 77550

Mr. Rice:

Thank you and your staff for the opportunity to confer in depth on your recent audit of the Rosenberg Library Association and the Galveston County Library System.

With respect to Recommendation 1, I will communicate directly with Rosenberg and county system staff in the near future to consider feasible options for securing grant support for county library operations. Based upon that communication I will decide whether Section 2(j) of the contractual agreement requires modification or rescission going forward.

Sincerely,

A handwritten signature in cursive script that reads "Brent Hartzell".

Brent Hartzell