

California State Library

2015 SLAA REPORT

February 29, 2016

Michael Cohen, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Cohen,

In accordance with the State Leadership Accountability Act (SLAA), the California State Library submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Gerald Maginnity, Deputy State Librarian, at (916) 323-9759, gerald.maginnity@library.ca.gov.

BACKGROUND

Founded in 1850, the California State Library (CSL) is the oldest, continuous cultural agency in the State of California. Decades before there was a university system or a public library system, there was the California State Library.

The California State Library reports directly to the Governor's Office and is charged with performing various functions, as defined by law. Under the direction and leadership of the State Librarian -- appointed by the governor and confirmed by the Senate -- the State Library has responsibility to:

- Collect, preserve and -- most importantly -- connect Californians to our history and culture.
- Support a transparent government by collecting preserving and ensuring access to California state government publications, federal government information and patent and trademark resources.
- Ensure access to books and information for Californians who are visually impaired or otherwise physically handicapped and unable to read standard print.
- Help state policy leaders make informed decisions by providing specialized research to the Governor's Office and the cabinet, the Legislature and constitutional officers.
- Provide state government employees with the information resources and training they need to be effective, efficient and successful.
- Promote innovative local library services by managing state and federal funding programs to ensure all Californians have access via their libraries to the information and educational resources they need to be successful.
- Support programs that help Californians -- ages one to 100 -- develop the literacy skills they need to thrive in the 21st Century.

Mission Statement:

The California State Library is the state's information hub, preserving California 's cultural heritage and connecting people, libraries and government to the resources and tools they need to succeed and to build a strong California.

Organizational Structure:

State Library Services Bureau:

The State Library Services Bureau is the "operations side" of the California State Library. The bureau provides information delivery to state government, to the staff and patrons of other libraries around the state and directly to individual Californians. State Library Services is divided into six sections of specialty and expertise:

- Braille and Talking Book Library
- California History
- Information Resources

- Government Publications
- Witkin Law Library
- Sutro Library (in San Francisco)

This bureau is also responsible for the acquisition, cataloging, maintenance and preservation of the State Library's unique and valuable collections.

Library Development Services Bureau:

The Library Development Services Bureau provides state and federal financial assistance to California libraries as well as technical consulting to help local libraries extend and improve services. This bureau is also responsible for managing and providing support for the following programs:

- California Library Literacy Services
- California Library Services Act
- The federal Library Services and Technology Act

California Research Bureau:

The California Research Bureau provides research and information support services to the governor and cabinet, state agencies and departments, the Senate, the Assembly and California's constitutional officers. The Research Bureau's non-partisan, evidence-based work products are designed to inform the deliberations and decisions of policymakers and their staff.

Administrative Services Bureau:

The Administrative Services Bureau supports all activities of the State Library by managing business processes and functions. This encompasses a variety of responsibilities including: budgeting, accounting, local assistance, procurement, contracts, compliance, mail delivery and facilities operations.

Information Technology Bureau:

The Information Technology Bureau provides information technology services and resources for the State Library. The bureau supports applications, software and systems needed to fulfill the library's core missions and objectives.

Office of the State Librarian:

Two units report directly to the State Librarian: Human Resources and Public Information. Human Resources provides support for all aspects of personnel administration, including equal employment opportunity and labor relations. The Public Information officers are responsible for external and internal communications such as management of online content, newsletters and staff announcements. The Public Information team also helps coordinate State Library events, build tours and respond to Public Record Act requests.

RISK ASSESSMENT PROCESS

Consistent with guidance from the Department of Finance, the State Library applied a broad interpretation to the State Leadership Accountability Act assessment process, weighing all risks with the potential to impact the State Library's financial integrity or to jeopardize the library's mission.

As an initial step to identify risks, Deputy State Librarian Gerry Maginnity provided managers at all levels of the library with a list of threshold questions based on the *Control Environment Questions* provided by the Department of Finance. Managers were instructed to use the broadest perspective possible to create a laundry-list of risks that might impact the State Library's ability to effectively carry out its mission.

A follow-up brainstorming session involving all managers was subsequently conducted. This session provided an open forum in which managers identified, discussed and then prioritized all potential risks to the State Library and its mission. All risks identified during this meeting were captured in meeting notes.

The list of identified risks was analyzed further by the executive management team, including the State Librarian. The most significant risks were identified on the basis of potential impact to the organization and probability of occurrence. These risks fall into the three broad categories of:

1. Disasters and major disruptions in service. There is no up-to-date policy or procedures for rescuing

- collections after a calamity
- 2. Budget, in particular staffing to perform mission-critical services
- 3. FI\$Cal Conversion

How we approach mitigating the risk will help establish a process for updating other policies and procedures.

EVALUATION OF RISKS AND CONTROLS

Operations- Internal- Oversight, Monitoring, Internal Control Systems

The California State Library has been building collections for over 160 years. Many of these collections consist of valuable, rare and sometimes unique publications, manuscripts and artifacts. These collections are housed in three buildings: Two in downtown Sacramento and one building on the campus of San Francisco State University.

All collection locations are subject to both external and internal environmental threats. Examples of external environmental threats are earthquakes and flooding. Examples of internal environmental threats are leaking overhead water pipes and fire. The threat is magnified in our two Sacramento locations by the fact that many of the library's valuable collections are stored in basements that would likely flood should any of the levees surrounding the city breach during a major weather event.

Since the State Library's operations depend heavily on the ability to maintain the integrity of its collections, a comprehensive disaster preparedness and recovery plan is essential. Yet the library's existing plan has not been revised in over 15 years.

A robust plan would include elements such as the following:

- Identification of the most valuable collections or portions of collections.
- A prioritized list of the most valuable collections or portions of collections so that, in the case of an impending or actual disaster, the most valuable items could be rescued first.
- Prominent labeling or mapping of the most valuable collections so they can be located and rescued quickly in case of an impending or actual disaster.
- A decision tree or matrix that would guide rescue personnel during specific disaster events when quick action is of the essence.
- An up-to-date contact list so responders can quickly be called into action.
- Pre-planning with vendors that specialize in the quick rescue of damaged books and other library materials so these materials can be salvaged.
- Establishing "safe" caches of the information contained in the collections so at least that information is still available to the public while collection restoration takes place.

It's essential the library work to update and expand its existing disaster preparedness and recovery plan. The State Library's collections are at the heart of the institution. If a disaster were to occur today, the library would be unable to respond with the speed and focus necessary to effectively rescue or remediate. efforts.

The State Library will convene a team to update and expand its existing disaster preparedness and recovery plan. If outside experts or consultants are needed, the Library will contract with an individual or firm to ensure the plan meets commonly accepted standards. Desired completion date is June 30, 2016. After completion, library staff and vendors will be trained and oriented to the plan's details. Mock drills will also be scheduled to "rehearse" disaster response.

Operations- External- Funding—Sources, Levels

General fund revenue available to CSL for all operations has shrunk over the last several years.

The impacts of less funding have been exacerbated by increases in rent and building "management fees" by DGS.

By far the greatest risk posed by these chronic budget shortfalls centers on maintaining a capable staff to fulfill the library's mission as California's information hub.

Supervisors and managers identified a variety of risks posed by inadequate funding but staffing was overarching. Since July 1, 2006, CSL's workforce has declined from 200 to 131. For example, the \$4.88M adult literacy program conducted at over 800 libraries around the state was supervised by 5 state library staff. Now 1 position is allocated.

Currently the administration is considering an additional \$2 million in ongoing local assistance funding to reinvigorate regional library consortiums. There are many benefits to this policy shift but benefits won't be realized without a CSL employee to oversee implementation.

Similarly, CSL has urged DOF to create a state coordinator to secure federal funding of broadband and connectivity, primarily in underserved areas. The lack of such as person impacts CSL efforts to improve connectivity for the state's public libraries. It also makes it harder for the state to obtain potentially hundreds of millions in federal grants, which would reduce state general fund spending and more than cover the addition of 1 person to the state workforce.

Longer term, the state's decade of budget woes led to decisions to pay for nearly \$5 million of CSL's operations with federal LSTA funds, mainly for the operation of BTBL, which serves California's visually impaired population. Punctuated by periodic threats of zeroing out LSTA, Congress has shrunk funding for libraries over the past 10 years.

California's population is aging. By 2025 a quarter of Californians will be 65 years-of-age or older, creating a rise in visually impaired seeking assistance. As attractive an option as it might be to use other funds for the BTBL, this is an unsustainable service model given the future demand by California's graying citizens and a static supply of resources.

The administration has pledged some funding to restore a portion of the more than \$800,000 in databases the State Library once provided to state decision-makers but the lack of revenue continues to impact the State Library's ability to carry out its information hub mission.

While the library continues to adapt service levels to available resources and measure user dissatisfaction, discussions are also scheduled with the Department of Finance in early 2016 to review these staffing issues with an eye toward ameliorating some, beginning with the fiscal year that starts July 1, 2016.

Operations- Internal- FI\$Cal Conversion

Implementation of FI\$Cal and its promise of real-time financial management for the State Library was advertised as simple and straightforward. The implementation process was to be completed and the State Library reaping FI\$Cal's benefits months ago.

The initial learning curve for the new system has been steep, creating more data entry errors (and subsequent corrections) that instead of easing workload, has increased it.

That learning curve has been made even steeper because of false starts, delays and numerous glitches delaying implementation and undercutting staff confidence in the supposed benefits of the switchover.

System glitches have required workarounds pending creation of permanent fixes. Response to problems

is delayed because FI\$Cal Support Labs require providing more than 24-hour's notice to attend.

To date, the State Library is only coping with integration of FI\$Cal its operations. If the present is any indicator, subsequent waves – particularly those involving the State Controller's Office and the State Treasurer's Office – will be even more problematic.

Since the library is in the first year of conversion, it's unknown how department reporting and compliance requirements are affected. Risks in those areas may develop if conversion is not completed in a more timely manner.

Seeking additional assistance and clarification from control agencies.

Attending meetings and User Support Lab training with FI\$Cal staff/ trainers to complete activities both within FI\$Cal and required tasks outside of FI\$Cal.

Submitting FI\$Cal Service Center tickets as problems are encountered and following up with the service center if their responses are not timely.

Attending FI\$Cal training provided by Department of Finance.

Hiring temporary staff as necessary.

Continuing to observe and implement controls to mitigate risk from new FI\$Cal and procedural changes from FI\$Cal.

ONGOING MONITORING

Through our ongoing monitoring processes, the California State Library reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of California State Library, Greg Lucas, State Librarian, is responsible for the overall establishment and maintenance of the internal control system. We have identified Liz Vierra, Chief, Administrative Services Bureau, as our designated agency monitor(s).

Frequency of Monitoring Activities

It is the California State Library's management philosophy to facilitate an effective internal control system that cannot be easily overridden. The State Library has adequate, ongoing internal control procedures over critical functions including information access and data integrity, fiscal and grant management, accounting, payroll, personnel management, contracts and procurement.

Given the challenges with FI\$Cal implementation, the State Library conducts weekly reviews to ensure adequate separation of duties and is proactive in identifying and addressing deficiencies in its overall operations. Issues that are serious or need immediate attention are brought to the weekly meeting of the Executive Team, made up of the chiefs of each bureau, Deputy State Librarian and the State Librarian.

Reporting and Documenting Monitoring Activities

Through each program and section's supervisory staff, the State Library strives to systematically identify issues that adversely impact its efficiency and effectiveness. Through an ongoing process of assessment, action and evaluation, these efforts continue to identify issues that may pose risks to the library. Issues that need attention or discussion are brought up at the monthly Supervisors meeting ,

made up of the supervisors of each section.

Issues that are serious or need immediate attention are brought to the weekly meeting of the Executive Team, made up of the chiefs of each bureau, Deputy State Librarian and the State Librarian.

Procedure for Addressing Identified Internal Control Deficiencies

Once an issue is identified and discussed at the Executive Team, a work plan is developed. Responsibilities, possible solutions and corrective actions are discussed and a timeline is developed. Weekly status reports are given during the meetings of the Executive Team to ensure timely resolution.

CONCLUSION

The California State Library strives to reduce the risks inherent in our work through ongoing monitoring. The California State Library accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Greg Lucas, State Librarian
California State Library

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations