

Massachusetts Library System
Executive Board Meeting Minutes June 18, 2012

The meeting of the Massachusetts Library System (MLS) at the MLS Whately office was called to order at approximately 1:05 p.m. by Patrick Marshall, Vice-President.

Present: MLS Executive Board Members: William Adamczyk, Vicky Biancolo (by phone @1:25), Charlotte Canelli (by phone), Jim Douglas, Tim Gerolami, Betty Johnson, Deborah Kelsey, Barb Lichtman (@1:17), Jean Maguire, Margot Malachowski, Patrick Marshall
Ex-officio- Greg Pronevitz, MLS Ex. Director; Rob Maier, MBLC; Gianna Gifford, LFC
Guests: Carolyn Noah, Catherine Utt

Minutes from May meeting approved. Motion-Deborah; Second-Jean. Vote: unanimous

MLS Annual Audit

After discussion with the MLS auditors, some improvements to the financial procedures were discussed as opportunities for strengthening internal controls. Suggested next steps have been detailed for the ten items outlined in the Auditor's Management Letter. (full text attached at end of minutes) All actions will be completed in 90 days or less.

1. Segregation of duties and monitoring controls
2. Compliance and internal control policies
3. Policies conforming to best practices for fiduciary responsibility
4. Functional expense allocation policy
5. Accounting software
6. Account reconciliations
7. Authorized signers on cash accounts
8. Interest income recognition
9. Accounting transaction dates
10. Accounting for intercompany transactions

Budget Committee reviewed the suggested next steps and will meet next month. Work is proceeding on documented financial policies to be included in a fiscal manual.

Motion to accept audit. Motion-Will; Second-Deborah. Unanimous.

ILL Study Task Force Report and Next Steps

ILL Center Study Subcommittee Recommendation- Extend agreements with the current ILL Centers through fy2014 (with a goal of reducing costs in fy2014 if workloads at Centers are able to be reduced). This will provide MLS enough time to plan after the Virtual Catalog procurement is completed in early fy2013. An outline of the steps and timeline to complete planning follows:

Fy2013

1. Evaluate schedule for Virtual Catalog implementation
2. Review operational and cost implications for MassCat
3. Review and document feasibility and draft schedule for use of MassCat for self service ILL with non-networked libraries
4. Review and document feasibility and draft schedule for use of OCLC for mediated ILL as an MLS service.

5. Consider feasibility and potential providers of service in response to an RFP for an ILL Center to take on providing mediated ILL via OCLC
6. Present findings to Resource Sharing Advisory Committee
7. Present recommendation to MLS Executive Board
8. Inform current ILL Centers of decisions/directions

Fy2014

1. Choose one or more of the following options:
 - a. Begin procurement process
 - b. Contract renewal process
 - c. Hire manager to develop internal services
2. Begin implementation

Motion to accept ILL Center Study recommendation. Motion-Tim; Second-Deborah. Unanimous.

Charge and appointment process for Resource Sharing Advisory Committee

Proposed Committee Charge:

- Informs decision making in light of the convergence of resource sharing with collaborative collection development.
- Advises on effective alignment of MLS services with other organizations involved in resource sharing.
- Provides input during a transition from traditional interlibrary loan toward a more efficient, lower cost model for service.

This new permanent committee will work with MBLC state-wide resource sharing task force. Effort to be made for representation on committee to reflect state-wide library make-up by type and geography. Will have input on ILL situation and Ebook sharing model (Douglas County model).

Motion to accept recommendation to form Resource Sharing Advisory Committee and committee charge. Motion-Jean; Second-Tim. Unanimous.

Strategic Planning Update

The Task Force met and reached consensus on priorities from task force members. The staff conducted a similar exercise and the results of both exercises will be considered for the plan.

The Task Force recommends hiring the consultant, Steve Spohn, to draft the plan for Task Force review. This would also include facilitating two sessions, one with the Task Force and one with staff to develop a new mission and vision for MLS. The goal is to finalize the draft by the end of July. Task Force feels that a neutral party should draft the plan using the summarized data from focus groups and interviews. Staff will write the Plan of Service for FY14 as it relates to the strategic initiatives. The budget for strategic planning has enough money to pay for the consultant to write the plan.

Motion to waive 30-day waiting period and approve Budget Request for \$5,400 to pay consultant fee. Motion-Deborah; Second-Will. Unanimous.

Personnel Committee Recommendations

It was decided to postpone discussion on this topic. A joint meeting of the Personnel and Budget Committees will be scheduled for July.

Personnel Committee needs more members. Perhaps a volunteer outside of the Executive Board can serve and as an additional benefit this would give the opportunity to groom a new Board member. Can a person who is not employed in a member library be a member of a committee or task force? By-laws should clarify who can serve. Personnel Committee will begin in July to work on Executive Director evaluation. Patrick and Dee will work on a change in evaluation format.

MassCat Development Recommendations

Nora Blake, MassCat manager provided a report of the MassCat Advisory committee which met in early April and made the following recommendations for software development for MassCat's Koha system. These recommendations are in priority order. Since the item ranked as the top priority is still waiting on a cost quote, the committee recommends moving ahead with items 2 through 4 at this time:

1. Ability to modify or delete a portion of patron records (like removing senior class). **(has to wait until other development work is done, so end of 2012/early 2013 to get cost quote)**
2. Ability to send notices via text message without the use of a 3rd party vendor. **(Cost=\$5,800)**
3. Organizing the names of label templates and label layouts by name. **(Cost=\$750)**
4. Highlighting the name of the patron's home library in OPAC search results. **(Cost=\$500)**

The committee is also planning for MassCat's future needs. The advisory committee has developed additional priorities that enhance the system for both library staff and end users. Future development requests will include additional details.

Funding will come from earmarked MassCat non-budgeted funds. Executive Board will vote on this recommendation in July.

Whately Facility Working Group Update

Attorney provided final decision on applicability of Mass. Chap. 7 law to sale of WMRLS assets, i.e., property and vehicles. WMRLS is not a state agency so Chap.7 law does not apply and Attorney General does not have to be notified to sell vehicles. Sale of vehicles will proceed and Greg will notify Senator Rosenberg of the Chap 7 ruling. WMLA sent Olver a letter of support (with the signatures of 120 librarians) for loan forgiveness on the Whately building. Waiting to hear from Olver's office.

Nominating Committee Report

Jean reported that a call for nominations was issued on June 4. So far, ten names have been submitted. There are four open slots-2 school, 1 special, and 1 academic. Jean will send out a reminder email prior to the June 28 deadline. Best attempt will be made to keep representative balance by type and geography. Margot will help encourage special libraries to participate. Phone in attendance is an option. Greg will investigate whether school librarians can earn PDPs for serving on the Board. The plan is for recommendations to be heard in July for an August vote.

MLS Annual Meeting

Carolyn presented the names of two potential keynote speakers to focus MLS annual meeting conversation in one of two directions.

1. Focus on marketing, to coincide with MLS' plans to develop a marketing plan and brand:
David Gerzof Richard is an entrepreneur, marketing executive and Professor of Media Relations, Social Media and Marketing at Emerson College. He is the founder and President of BIGfish, an integrated social media, PR, marketing and social influence firm that specializes in guiding organizations through their marketing and communication challenges.

2. Focus on libraries, technology and society:

John Palfrey is a faculty co-director of the Berkman Center for Internet & Society, vice dean for library and information resources, and the Henry N. Ess III Professor of Law at Harvard Law School. He was named the fifteenth head of school of Phillips Academy Andover, effective July 1, 2012.

Board members suggested the marketing topic might be better suited for a standalone meeting. Technology including eReaders would be an important and different direction for the annual meeting.

Reports

Executive Director's Report attached at end of minutes

Management Team Retreat was a positive experience. Need to make time to think ahead. Western MA issues are a drain. Libraries statewide should feel part of the system and work together.

Talking with BPL and Christian Science Monitor about newspaper procurement for state-wide access. In future perhaps MHEC can help with NE area access at a better price.

Value of MLS Services Report for fy2011 now posted on MLS website. Catherine contributed a lot of hard work, gathering and analyzing a great deal of data to provide members with a report on the value of MLS services. Quantities of services used were analyzed and the price a library would pay for them if the services had to be purchased individually was determined. MLS provided value of just over \$15 for each dollar of state appropriations. This is based on the calculation that MLS members could take advantage of services valued at \$104 million provided through our \$6.9 million budget.

CE and Advisory Report-Carolyn Noah attached at end of minutes

Carolyn noted that there are 4 active placements in BiblioTemps to date. Board looked at cost comparison of CE in-house and contractor provided. Betty stated that a comment column to explain events with a large cost per person attending would be helpful.

Financial-Catherine Utt attached at end of minutes

Extensions for the material and supply co-operatives have been negotiated with current suppliers to facilitate the new MHEC bid process. Materials-Dec 31; General office supplies-June 2013.

Motion to pay BiblioTemps' supplies and legal expenses from earmarked funds from the former Central Region. Motion-Deborah; Second-Betty. Unanimous.

MBLC - Rob

Budget is in Conference Committee. In either budget, funding level for MBLC includes enough for second library building consultant position and 6% increase for Perkins. Increase (\$6000) for Talking Book Library is in conference committee. House budget included \$100,000 more for MLS.

New 5 year LSTA plan begins in July. Virtual Catalog selection group is reviewing 4 proposals for new catalog. Procurement being handled by Fenway Libraries Online. 2 year LSTA grant paying for acquisition of new Virtual Catalog which will phase in beginning in FY13. It should be easier to use and work with more ILS systems.

MBLC Resource Sharing Committee will meet to look at Douglas County eBook model. A state-wide library card is also a topic.

State is aggressively moving toward a Performance Management Approach; goals and measurements to be set. MBLC story to tell-state funds are used to benefit the Commonwealth.

Library for the Commonwealth (LFC) – Gianna

Digital Repository Developer is already uploading items to a test repository. Web Developer will start in August and develop the web portal to access the new repository of BPL items.

More tours of BPL are in the works; possibly Oct, Jan, Apr, July.

BPL is looking into feasibility of implementing LibGuides and has invited a vendor to come and demonstrate. LibGuides are a web version of Pathfinders to help find resources on various subjects; they can be on any topic. Good way to connect with the public and help make sense of library collection. Mobile device access is available. Newton Free Public Library uses LibGuides.

Other Business

By-law Committee is needed as there are items which should be addressed. By-law Committee will be standing committee. MLS members outside the Executive Board can participate. A management team member should be on the committee. Greg will send out an e-mail announcement seeking volunteers for the By-law Committee and a MLS Resource-Sharing Task Force. By-law Committee will be formed at July Board meeting.

Future Meetings for 2012

July 23 – MLS-Marlborough 1-4pm

August 27 – Boston Public Library 1-4pm

September 24 – MLS-Marlborough 1-4pm

October 22 – MLS-Whately 1-4pm

November 5 (Annual Meeting) - College of the Holy Cross

December 3 Morning orientation; afternoon Board meeting at MLS-Marlborough

Motion to adjourn meeting at 3:06 p.m. Motion-Will; Second-Tim

Respectfully submitted,

Betty P. Johnson

MLS Executive Director Report – June 2012

ILL Center Study-Our consultant, Carolyn, and I visited the ILL Centers in Quincy and Wellesley to go over the study and MLS's likely direction in this area.

Newspaper Procurement-Some members were disappointed about the decision not to renew the NewsBank titles. However, most members felt positive about the Board's recommendation to seek all alternatives to make newspaper content available to the membership. We will be discussing directions with BPL and other interested parties soon.

Whately Facility Update

- The WMRLS/MLS letter was delivered to Congressman Olver's office and its receipt was acknowledged (see attached). The Western Massachusetts Library Advocates group is preparing a letter to support our letter. No response from the Congressman at this time.
- We have received a legal opinion on how Chapter 7 of MGL would affect WMRLS's ability to sell surplus vehicles and the Whately facility. Our attorneys believe that Chapter 7 does not

apply to WMRLS (see "Memo" in drop box). We will proceed with sale of surplus vehicles. According to our attorney, this step does not require notification of the Attorney General.

Value of Service-A value of service report was posted for the membership.

Strategic Planning-The Task Force met and reached consensus on priorities from task force members. The staff conducted a similar exercise and the results of both exercises will be considered for the plan.

The Task Force recommended hiring our consultant, Steve Spohn, to draft the plan for Task Force review. This would also include facilitating a session with the Task Force to develop a new mission and vision. I spoke briefly with Steve and he suggested that he'd like to meet with the staff on this too. In the light of task force members being so stretched, this made a lot of sense. If this is unaffordable or not favored by the Executive Board, we, MLS staff can do it. I'll have a budget proposal on Monday to cover these costs. We need to move quickly. Our goal is to finalize the draft by the end of July.

Creating a Resource Sharing Vision for Massachusetts-I have passed on to MBLC your recommendation that the Statewide Resource Sharing Committee study the feasibility of employing the Douglas County Libraries eBook server model in Massachusetts. I received a letter from the MVLC Collection Development Committee with a similar request. It is highly likely that the Committee will form a task force to do such a study.

CE and Advisory Report May 2012- Carolyn Noah

In May, our advisory group made 7 site visits representing 19 hours on site and 13 hours of travel. We made 255 advisory contacts over 128 hours spent with members and 12 hours of travel to reach them. Much of the advisory work originated with the summer reading program and was completed by Susan and Sarah. There were also a substantial number of enquiries about LibGuides. Since Kelly introduced them in the winter, many advisors are using them to provide access to class related materials for members. LibGuides will be linked to our website.

We conducted 24 continuing education events in May attended by 574 people. Seven more were cancelled (two were youth literature, four were on basic web and MS office applications, and one due to presenter health.) 24 additional people took advantage of Linda.com training. Highlights of the month included Boston Book Buzz, co-sponsored with the Boston Public Library, and Resource Sharing Unbound, co-hosted with the MBLC. Our staff travelled 177 miles to present CE in May.

MLS' cost of summer reading program will increase next year by about \$5,000, the first increase since we joined CLASP. The increase is due to additional postage costs being passed along to state members.

BiblioTemps® has two active placements in the field and many enquiries. Two CE offerings on using social media for job searching are being offered online in conjunction with BiblioTemps®

School eligibility. Of the libraries that appeared on lists of schools no longer eligible for membership, 18 have since shown that they are eligible and have been returned to member status. We have just over 60 libraries left to query and have decided to wait until late August to do the final mailing.

We completed our first survey period for the evaluation of Advisory services. The results were very positive. During an 8-day period, 92 advisory contacts were made. 41 members responded to our email message inviting them to take our survey. 86% were very satisfied and 14% said the service more than met expectations.

We also gathered information on May continuing education for cost and quality. The evaluations for both types (in-house/contracted) are comparable and nothing rated below 4 of 5. There are a few high-cost programs that knock the cost per participant out of its typical range of between \$40 and \$45 per person in both categories.

Financial/Business Report June 18, 2012

Financial Report-There are major outstanding expenses for the new databases. Invoices are being collected for the three vendors and we expect to be able to take full advantage of the savings. The Gale invoice of \$900,000 will be paid in full during this fiscal year. Encyclopedia Britannica will be paid in full this fiscal year if the entire amount is available. Otherwise, any remaining portion of the cost will be paid in July to take advantage of the discounts for paying the full amount within 20 days of the invoice.

Higher than expected legal costs were expensed in June for costs associated with Bibliotemps and the WMRLS building/vans.

Delivery-Sort-to-light for MVLC begins with three libraries on Monday, June 11 and is going well.

Optima has moved its sort for SAILS, OCLN and CLAMS to Plymouth. Some minor hiccups as new personnel adjusted, but services are generally running as expected.

MHEC-A draft Invitation For Bid (IFB) has been put together for the first category of supplies. Additional IFBs will be forthcoming as we put together the specifics for each category of materials/supplies.

Audit Management Letter Review June 2012

After discussion with the MLS auditors, some improvements to the financial procedures were discussed as opportunities for strengthening internal controls. The suggested next steps have been outlined below to the ten items outlined in the Auditor's Management Letter. All actions will be completed in 120 days or less.

1. Segregation of duties and monitoring controls

Development of a board-approved, comprehensive Financial Policies Manual to clearly spell out segregation and to implement control will be necessary. The current draft policy manual presented to the board in April 2011 will be expanded with the consultation and input of the auditors and budget committee to ensure all necessary procedures and policies are adequately addressed. Policies will include, but are not limited to:

- Segregation of duties for all financial function to the extent practical given the organization's size and staffing
- Internal monitoring mechanisms (see account reconciliations for additional details) which provide emphasis for areas in which segregation is not practical
- Monitoring mechanisms and periodic reviews for compliance by budget committee and/or board to ensure.

2. Compliance and internal control policies

- USDA compliance – Management will investigate and gather all necessary compliance information to be included in a written compliance policy to ensure adherence with USDA regulations to avoid loan default.

- MBLC compliance – Management will investigate and gather all necessary compliance information to be included in a written compliance policy to ensure adherence with MBLC regulations for budgeted funds and other sources of funding.
- Commonwealth Terms and Conditions
- Tax and information return filings (Form 990, Form PC, payroll tax returns, Form ABC, Annual report filed with Secretary of State

Policies will be included as addendums to the Financial Policies Manual and will be subject to annual approval by the Board of Directors to ensure compliance. Policies will specify which compliance requirements are subject to annual audit procedures in order to mitigate risk of findings.

3. Policies conforming to best practices for fiduciary responsibility

A written whistleblower policy will be drafted for approval by the board for inclusion in the MLS Employee Handbook.

MLS Employee Handbook includes a section on conflict of interest and each revised version of the handbook requires acknowledgement of receipt and understanding of the contents therein.

This policy will be reviewed and revised with consultation from the auditors to encompass regulations that pertain to reporting of related party transactions under IRS requirements.

Similar policies will be drafted with consultation from the auditors for Board Members and will be presented to Board Members in January of each year. A sign off of acknowledgement and understanding will be required and kept on file.

4. Functional expense allocation policy

A formal functional expense allocation policy will be developed with the consultation of the auditors. The policy will be subject to annual review at the beginning of the budget development process for the next fiscal year to ensure an appropriate methodology and consistent application of methodology is used for budgeting and external reporting purposes.

5. Accounting software

Review of the functions of the accounting software of note will be made and actions to better utilize those functions will be included in daily practices. Specifically, all expenditures will pass through the accounts payable system to ensure an appropriate audit trail, and accounts payables balances will be maintained to appropriately reflect accrual-basis balances in conformity with GAAP. Accounts receivables balances will be appropriately billed out to ensure that revenue does not accumulate within the receivables account. Policies for the use of software functions will be included in the comprehensive Financial Policies Manual. Individuals with roles in the use of these functions will be given the appropriate instruction, whether through the software provider or third-party instruction as necessary.

6. Account reconciliations

The auditors provided a matrix of suggested reconciliations to address this item. This matrix will be developed to address all balance sheet and income statement accounts either collectively or individually as appropriate, and the frequency of reconciliations along with key elements of a monitoring process will be developed to sufficiently address accounts or account groups in a manner consistent with the risks associated with each account or account group. Suggestions will be included in the Financial Policies Manual and will be implemented. Suggested include both internal and external monitoring. See attachment for the matrix of suggested reconciliations.

7. **Authorized signers on cash accounts**

Authorized signers have been updated to current officers and staff members. Authorized signers will be annually updated as appropriate in January as new officers take office. Authorized signers will be adjusted immediately as authorized officers and/or staff leave their positions to ensure no former officers and/or staff members have continued access to accounts. Where possible, requests for reports of authorized signers will be made each January to ensure only authorized individuals are included on accounts.

8. **Interest income recognition**

All interest is currently being recognized on a monthly basis as account reconciliations are made.

9. **Accounting transaction dates**

Regular review and reconciliations will be performed in order (see account reconciliations for additional details) to ensure entered transaction dates accurately reflect invoice dates.

10. **Accounting for intercompany transactions**

Policies for recording inter-company transactions will be included in the Financial Policies Manual to accurately reflect transfers of assets between companies. Policies will include reflecting cash transfers to an inter-company loan account and all expenses will be reflected as such within the company the expenses is incurred.