

**METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE
AGENDA**

Members: David Greenwell, Chair
Nancy Anthony
Scott Duncan
Greg Womack

Wednesday, May 31, 2006
at 3:00 pm
Downtown Library
300 Park Avenue
Oklahoma City, OK 73102
Telephone: (405) 231-8650

NOTE: Comments from the general public will be limited to 15 minutes with time prorated among speakers. Preference will be given to residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

- I. Call to Order and Establishment of Quorum – David Greenwell, Chair
- II. Discussion, Consideration, and Possible Action: Report and Recommendations from Administrative & Personnel Committee meeting May 9, 2006
- III. Discussion, Consideration, and Possible Action: Report and Recommendations from Administration
 - MLC FY 2006-2007 Preliminary Budget
- IV. Discussion, Consideration, and Possible Action: Report and Recommendations from Administration ~ Sarbanes Oxley Act of 2002
 1. Direct the library staff to develop whistle blower policy
 2. Direct the Executive Director and Deputy Executive Director/Finance & Support to certify the monthly financial reports.
 3. Transfer the responsibility of the annual auditing process from the Library Staff to the Finance Committee

Cc: Metropolitan Library Commission
MLS Administrative Team
MLS Managers and Supervisors
President, MLS Staff Association

REPORT AND RECOMMENDATIONS
FROM THE ADMINISTRATIVE & PERSONNEL COMMITTEE

The Administrative & Personnel Committee met May 9, 2006 for:

- I.** Annual Review of Human Resources – Salaries and Benefits
Reports and Recommendations from Administration: Compensation & Benefit Plans
- II.** Discussion Consideration, and Possible Action: Report and Recommendations from
Administration ~ Revisions to MLS Policy and Procedure Manual

During its meeting, the Committee:

Reviewed and discussed all items.

The following recommendations are the results of the discussions.

FINANCE COMMITTEE ACTION:

To accept or approve the following recommendations from the Administrative & Personnel Committee and recommend the Commission approve incorporation into the FY 2006-07 Preliminary Budget.

1. Incorporation into the FY 2006-07 Annual Budget the recommended merit increase schedule of from 0% to 3% for FY 2006-07. Funds have been included in the Preliminary FY 2006-07 Budget.
2. Incorporation into the FY 2006-07 Annual Budget the recommended market adjustment of 4%, effective the last pay period in December 2006 that includes January 1, 2007. Funds have been included in the Preliminary FY 2006-07 Budget.
3. A zero percent rate increase in the long term disability insurance with a changed renewal/anniversary date of July 1, 2006.
4. Continue with Sun Life Assurance Company for the Life/AD&D coverage at \$0.18 per \$1000 to renew July 1, 2007.
5. Change the EAP provider to Integris Corporate Assistance Program, at a rate reduction from \$2.75 to \$2.00 per employee per month, for the policy year of July 1, 2006 to June 30, 2007.
6. Continue with the current vendor for vision insurance, VSP, with no changes in rates or coverage for the next policy year – July 1, 2006 through June 30, 2007.
7. Acceptance of the stop loss coverage for the Employee Benefit Plan through HCC Life Insurance Company for a \$50,000 specific stop loss, Paid contract effective July 1, 2006 through June 30, 2007.
8. Acceptance of a \$0.50 per month per participating employee administrative service fee increase from the current third party claims administrator for the Employee Benefit Plan.
9. Continue with PPO Oklahoma/CCN Network for Plan Year July 1, 2006 through June 30, 2007.
10. The modifications/changes in the Employee Benefit Plan, including the deletion of the Dental Coverage Pre-existing Conditions provision and an increase in the Chemical Dependency Lifetime Maximum, as outlined previously in this report.
11. The addition of a Nurse Advice Line, offered through the current third party administrator, sponsored by American Health Holding, at a rate of \$0.75 per employee per month. The additional cost will be paid from the available fund balance.
12. The Employee Benefit Plan premium costs reflecting a zero percent increase to the employee and the library system after applying the available fund balance.

MLC – Finance Committee ~ May 31, 2006

Prepared by: MLC Secretary

MLS – Report and Recommendation from A & P Committee meeting May 9, 2006

Minutes of May 9, 2006 Administrative & Personnel Committee meeting

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METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY
ADMINISTRATIVE & PERSONNEL COMMITTEE
MINUTES

DATE: Tuesday, May 9, 2006 TIME: 3:30 PM
MEETING PLACE: Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
(405) 843 - 9601

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County, April 10, 2006. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Belle Isle Library, 5501 N. Villa, and the Downtown Library, 300 Park Avenue, Oklahoma City, on May 5, 2006, in conformity with the Oklahoma Open Meeting Act

COMMITTEE MEMBERS PRESENT:

Ann Caine, Chair
Carolyn Cornelius
Shirley Pritchett

COMMITTEE MEMBERS EXCUSED:

Marguerite Ross

COMMISSION MEMBERS PRESENT:

Donna Morris, Executive Director

ESTIMATE OF OTHERS PRESENT: 10

The meeting was called to order at 3:31 p.m., by Dr. Ann Caine, Chair.

Roll was called to establish a quorum. Present: Cornelius, Pritchett, Caine.

I. Dr. Caine called on Mrs. Donna Morris, Executive Director to present the Annual Review of Human Resources – Salaries and Benefits with Reports and Recommendations from Administration ~ Compensation & Benefits Plans

Mrs. Morris called on Mr. Lloyd Lovely, Deputy Executive Director/ Finance & Support to present the salaries portion of the report.

Mr. Lovely reviewed the recommendations from Administration. He stated the compensation recommendations are the same as last year. Administration is recommending a merit increase of 0% to 3% for the upcoming fiscal year, beginning July 1, 2006 and a market adjustment of 3%, effective for the pay period including January 1, 2007.

Mr. Lovely explained how the system compares to other surrounding systems in compensation for Librarian's. The Metropolitan Library System's minimum salary range is higher than Oklahoma Department of Libraries (ODL) and Tulsa City-County Library System (TCCL); However, MLS continues to fall behind Pioneer Multi-County Library System (PMC).

Mrs. Morris stated the turnover rate this year has been higher than it has been in a number of years. There are several factors that could play a part in that. It could be due to salaries or perhaps an older workforce retiring. She continued, in some job recruitments there are several applicants to choose from and in others there may not be enough. Questions and Discussion followed.

Mrs. Morris called on Mrs. Kelley Hoffman, Benefits Manager to present the Benefits portion of the report and recommendations.

Mrs. Hoffman reviewed the three Benefit Plan changes being recommended this year:

1. Recommendation to remove the pre-existing dental conditions provision from the Dental Plan.

Currently, the Dental Coverage includes a Pre-existing Conditions provision, which disallows any continuation in treatment for a condition diagnosed prior to the member's coverage effective date. It appears that this stipulation was used as a cost control mechanism when the Plan initially went self-funded. The Library System now has eleven years of claims history for dental, which allows for more accurate claim cost projections. In addition, dental benefits are subject to an annual maximum benefit.

2. Recommendation to increase the Lifetime Maximum for Chemical Dependency to \$25,000.

The current Lifetime Maximum for Chemical Dependency (in and outpatient) is \$15,000. Based on current statistics, an average inpatient stay for treatment is 28 days at \$1,000 per day.

3. Recommendation to add a 24 hour Nurse Advice Line available to employees.

Advice lines provide proactive service that leads to fewer emergency room and physician visits, resulting in reduced costs. The service is available at a cost of .75 cents per employee per month. According to the Mercer National Survey of Employer-Sponsored Health Plans, 64% of large employers offer a Nurse Advice Line, up from 59% in 2004.

Questions and discussion followed.

Mrs. Hoffman stated the system is down 18.3% in prescription drug claims from last year. She attributed the decrease to the recommendations approved last year; the changes in the benefit plan design, the addition of the specialty pharmacy, and the retrospective review program. Discussion followed.

Preferred Provider Organization (PPO):

Mrs. Hoffman stated there are no changes this year for the PPO.

Life/Accidental Death & Dismemberment Insurance:

Mrs. Hoffman stated last year the system received a two year rate guarantee from Sun Life. Sun Life has provided the system with excellent customer service over the last ten months. Sun Life has had to pay a claim, unfortunately, but it was very timely and well done. The recommendation this year is to continue with Sun Life for another year.

Long Term Disability Insurance:

Mrs. Hoffman stated UNUM Provident is the insurance carrier for the Library System's Long Term Disability program. The renewal date for the policy is September 1, 2006. To mirror the Library System's budget year, UNUM Provident has agreed to change the anniversary date for the policy to July 1, 2006 with no rate increase for the forthcoming plan year.

Vision Insurance:

The vision coverage last year renewed with Vision Service Plan (VSP) on a two year rate guarantee again, so the recommendation is to renew that coverage as well, until the next renewal in 2007.

Employee Assistance Program (EAP):

Mrs. Hoffman stated one of the biggest changes being recommended this year is in the system's Employee Assistance Program (EAP). Currently it is through *A Chance to Change*. The system has been with *A Chance to Change* since 2002. *A Chance to Change* is proposing no change in services or rates for the forthcoming year. Since the current vendor has been in place for three years, the Library System contacted *Integrus Corporate Assistance Program* for a proposal. They have services comparable to the current provider with additional services, including a 24 hour Helpline for crisis intervention and stabilization. They also offer Annual Supervisor Training and Employee Orientation. They have a website available which will allow system employees access to additional resources. *Integrus Corporate Assistance Program* came back with a rate of \$2 per employee per month. This rate equates to an approximate savings of \$3600 annually for the Library System.

Workers' Compensation:

Mrs. Hoffman stated Workers Compensation is continuing to come down. This year there was an experience factor of 1.09, as of two years ago the system was at an experience factor of 1.31.

Mrs. Hoffman called for questions.

Mrs. Hoffman stated Administration is recommending a 0% increase in funding and employee contributions to the medical plan this year. The insurance fund available is adequate to take care of the 5.64% increase in maximum liability and also the increased cost for the nurse advice line. The third party administrator has asked for a .50 cent per employee per month

administrative fee increase. All of this can be absorbed by the insurance fund available with 0% increase this year again for the second year.

Questions and Discussion followed.

Dr. Caine referred back to the salaries portion of the report. She recalled one of the Library System's goals is to be the leader in-state among the four major public library employers and for the past several years, this goal has not been met. Discussion followed.

Dr. Caine asked if there has been any trouble recruiting for librarians or any other positions. Mr. Roy Ballou, Human Resources Manager, stated one of a kind positions are more difficult to fill. There have also been some recent challenges in hiring qualified IT and Maintenance staff.

Mrs. Pritchett questioned if the funds were available to allow for a 1% increase to the market adjustment. Mr. Lovely stated it would be an estimated increase of \$100,000 and the funds are available.

Mrs. Morris stated the market adjustment is very important because it keeps the starting salaries going up, which does help in the system's ability to attract more prospective employees. Discussion followed.

Mrs. Shirley Pritchett moved to increase the market adjustment for all employees from 3% to 4% effective with the beginning of the pay period that includes January 1, 2007. Mrs. Cornelius seconded. No further discussion; motion passed unanimously.

Mrs. Cornelius moved to accept the Administration's recommendations for salaries and benefits as amended and recommend that the Finance Committee incorporate the funds for the recommendations into the FY 2006-07 Budget. Mrs. Pritchett seconded. No further discussion; motion passed unanimously.

II. Dr. Caine referred to Discussion, Consideration, and Possible Action: Report and Recommendations from Administration ~ Revision to the MLS Policy & Procedures Manual.

Mrs. Morris stated there are several policies that need some revisions and additions as a result of decisions made by the Library Commission, changes in federal and state laws and regulations, and the necessity to operate the library system in a more efficient and effective manner.

1. SH 210 – Retirement Policy.

The retirement policy has been updated to reflect the system now operates two retirement plans: A Defined Benefit Plan and the Defined Contribution Plan.

2. SH 520 – Grievance Policy

Mrs. Hoffman stated with the employee benefit plan the Library System is obligated, once an employee is no longer actively at work, to offer them COBRA. The previous policy just stipulated the employee's benefits would be continued which put the system in an awkward situation with the stop loss carrier. The policy was updated to reflect the responsibility of the individual for opting to continue or to not continue coverage under COBRA. If an individual opts to continue coverage under COBRA and if the final decision in the grievance procedure is rendered in favor of the grievant, the library's share of insurance premiums will be reimbursed to the individual. If the individual opted to not have COBRA continuation of coverage, or failed to make timely payments as required by COBRA, the reinstated employee will

be treated as a new hire and subject to all provisions of the Employee Benefit Plan for new employees.

3. SH 220 – Employee Leave Policies

An Administrative Leave with Pay policy has been added to the employee leave policies. This policy permits the Executive Director, or designated Deputy Executive Director in the director's absence, to place an employee on Administrative Leave with pay to conduct an investigation into possible wrong doing on the part of the employee or if there is a need for a due process procedure. In no case, shall the Administrative Leave with pay exceed thirty work days.

The Sick Leave Policy has been updated to reflect provisions for calling in sick.

The Military Leave Policy has been changed to reflect 30 calendar days of pay per each federal fiscal year of the tour of active duty. The policy also reflects the responsibility of the employee for notifying his or her supervisor.

4. Health Information Privacy Policy (HIPAA)

The Health Information Privacy Policy has been updated to reflect the designation of a HIPAA Privacy Compliance Officer – Benefits Manager; HIPAA Security Officer – Electronic Media – Deputy Executive Director/Information Technology; and HIPAA Security Officer – Physical Property – Director of Human Resources. The policy has been updated to reflect titles instead of individuals.

5. Employee Loyalty Oath

The Employee Loyalty Oath is a new policy added to the Policy and Procedure Manual. The policy requires all employees of the Metropolitan Library System take the loyalty oath as adopted by the State of Oklahoma for all public officials and employees. The loyalty oath will be included in all new hire employee packets.

Dr. Caine called for questions.

Mrs. Cornelius moved to accept the Administrative recommendation to approve the revisions and additions to the Policy & Procedures Manual. Mrs. Pritchett seconded. No further discussion. Motion passed unanimously.

III. No further business, Dr. Caine adjourned the meeting at 4:30 p.m.


Donna Morris, Executive Director
(Secretary)

REPORT AND RECOMMENDATION FROM ADMINISTRATION

METROPOLITAN LIBRARY SYSTEM PRELIMINARY BUDGET FY 2006 - 2007 (July 1, 2006 ~ June 30, 2007)

PLEASE REMEMBER TO BRING THIS DOCUMENT
TO THE JUNE 15, 2006
METROPOLITAN LIBRARY COMMISSION MEETING
AT THE SOUTHERN OAKS LIBRARY

ADMINISTRATIVE RECOMMENDATION AND COMMITTEE ACTION:

To approve the Metropolitan Library System Preliminary Budget FY 2006-07

REPORT AND RECOMMENDATION FROM ADMINISTRATION

Background

At its last meeting, the Finance Committee discussed the Sarbanes Oxley Act implementation and voted to recommend to the Commission that the Commission appoint a bylaws committee. The bylaws committee could further change the name and the scope of the Finance Committee to include audit oversight. Although the bylaws committee has not been formed, the time for the yearly audit is nearing, and the Administration would like to proceed with several of the attached Best Practices prior to the audit. At this time, Administration believes it would be within the scope of the Finance committee to direct Library Staff to:

1. Develop a simple "Whistle Blower" policy and procedure, using the chair of the Finance Committee as the point of contact.
2. Direct the outside auditor to meet with the Finance Committee or the Finance Committee chair, outside the presence of Library staff, both before the audit begins and after the audit's completion. Additionally, the auditor's direct line of reporting will be to the Finance Committee or to the Finance Committee chairperson. The audit firm can also be asked to provide confirmation of compliance with all rules.
3. Implement the attached certification of the financial statements in each monthly financial report to the Library Commission.

These changes will place the Library in compliance with most of the recommended changes to voluntarily comply with the Sarbanes Oxley Act. At future meetings, the adoption of formal document retention policies is anticipated. Furthermore, it is anticipated that the bylaws committee will change the name of the Finance Committee to the Finance and Audit Committee, and change the scope of its purview accordingly.

Administration Recommendation for Committee Action

That the Finance Committee direct the Administration to:

- 1) Develop a simple "Whistle Blower" policy and procedure, using the chair of the Finance Committee as the point of contact.
- 2) Direct the outside auditor to meet with the Finance Committee or the Finance Committee chair, outside the presence of Library staff, both before the audit begins and after the audit's completion. Additionally, the auditor's direct line of reporting will be to the Finance Committee or to the Finance Committee chairperson. The audit firm can also be asked to provide confirmation of compliance with all rules.
- 3) Implement the attached certification of the financial statements in each monthly financial report to the Library Commission.

Sarbanes Oxley Act of 2002 Best Practices in the Marketplace

- 1.** Establish an independent audit committee.
 - a. Financially literate.
 - b. Oversight of outside auditors.
 - c. "Whistle Blower" investigation responsibility.
 - d. Meet with outside auditors outside of presence of management.
- 2.** Insure independence of outside audit.
 - a. Prohibition of non-audit services by outside auditors.
 - b. Rotation of audit partner.
 - c. Confirmation of Auditor compliance with rules.
- 3.** Executive Director and Deputy Executive Director of Finance and Support certification of financial reports.
- 4.** Establish written conflict of interest policies and code of ethics.
- 5.** Develop document retention policies.

4. The Library's other certifying officer and I have disclosed to the Board of Commissioners all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting; and have disclosed any fraud, whether or not material, that involves management or other employees who have a significant role in financial reporting.

Lloyd Lovely
Deputy Executive Director/Finance & Support

Date