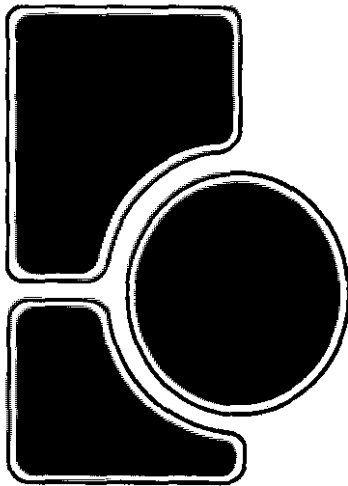


**SPECIAL REPORT OF THE
JOINT LEGISLATIVE
AUDIT AND REVIEW COMMISSION ON**

**Collection of
Southeastern Americana
at the University of Virginia's
Alderman Library**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



**COMMONWEALTH OF VIRGINIA
RICHMOND
1987**

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Philip A. Leone



COMMONWEALTH of VIRGINIA

Joint Legislative Audit and Review Commission
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Philip A. Leone
Director

May 28, 1987

The Honorable Hunter B. Andrews
Chairman
Joint Legislative Audit and
Review Commission
Suite 1100, General Assembly Building
Capitol Square
Richmond, Virginia 23219

Dear Senator Andrews:

Submitted herein is the JLARC staff special report, Collection of Southeastern Americana at the University of Virginia's Alderman Library. This study was performed under the general powers and duties of the Commission as laid out in Section 30-58.1 of the Code of Virginia.

The study reviews the procurement and management of a special collection of books at the Alderman Library. The report was presented to the Commission on May 11, 1987, and approved for printing and distribution by JLARC at that time.

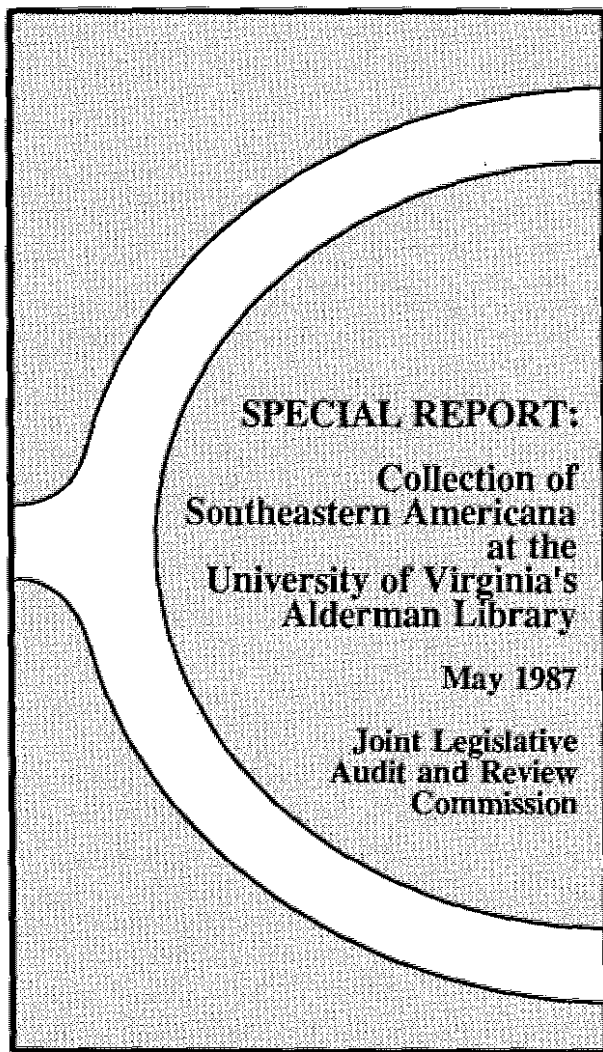
I would like to note the cooperation throughout the study of President Robert M. O'Neil of the University of Virginia. I would also like to note the assistance and cooperation of Mr. Walter J. Kucharski, the Auditor of Public Accounts, for his office's assistance on the annual leave issue. Finally, I should express the appreciation of the staff for the extensive assistance provided by Mrs. Ella Gaines Yates, the State Librarian, and by Mr. William Chamberlain, Director of the General Library Division at the State Library.

Sincerely,

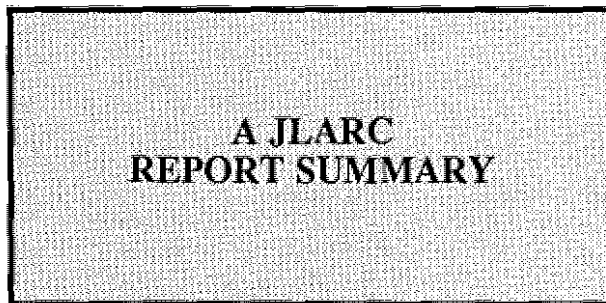
A handwritten signature in cursive script that reads "Philip A. Leone".

Philip A. Leone
Director

PAL/bj



The vendor travelled widely buying books on Southeastern Americana and delivered them to the library on approval. An employee of the rare book room would review the books and select most of them for the Southeastern Americana collection. The vendor would then send invoices to the University. Undated invoices were often used to take advantage of year-end funds from the library.



Allegations were made to JLARC staff that large sums of money were inappropriately spent by the University of Virginia's Alderman Library on a collection of "yard sale" books, purchased at "rare book" prices. JLARC staff studied these allegations and found a number of problems in the management of the collection.

As alleged, the books were all purchased from one vendor for an estimated cost of \$800,000 over a period of almost three decades. Although the 1983 Virginia Public Procurement Act prohibited this kind of relationship, over \$322,276 has been paid to the vendor since 1983. Library staff say they were unaware that the relationship with the vendor was in violation of the Procurement Act. Rather, they regarded the vendor as a book "scout" who was doing the University a favor by assisting in collection development.

The value of the collection is very subjective and appears to rest in the eye of the beholder. The books are not, however, generally "yard sale" books as was alleged. A JLARC/State Library appraisal found no significant difference between the purchase price and value of 124 individual items. At the same time, the State Library appraiser doubted if the collection could be sold for much more than 10 percent of its purchase price. Two appraisers working at the request of the University estimated the value of a small sample of books to be about half the value of the purchase price. In summary, the monetary value of the collection is difficult to pinpoint but is probably less than the purchase price.

Some of the 12,000-plus books are obviously both rare and valuable. Some are obviously neither. The great majority of the books appear to be by or about figures of the Southeastern United States. It is possible that the collection could have significant monetary or research value someday, but such an assumption would be speculative. The collection currently has no research value because it is uncataloged, inaccessible, and consequently unused.

The selection and procurement procedures for the collection were faulty:

- (1) Overly broad and ambiguous collection development criteria and the lack of checks or balances led to expenditures that seem disproportionate to the University's interest in the area. That a collection of 12,000 books costing approximately \$800,000 has sat uncataloged and unused for more than 15 years is certainly one measure of limited interest.
- (2) The use of a sole source without proper justification is contrary to the Procurement Act. Even if the relationship with the seller was thought to be advantageous to the University, it was in violation of the Procurement Act and gave the appearance of favoritism and impropriety.
- (3) The use of undated invoices primarily to maximize year-end purchases is in the interest of neither the State nor the University. Unused funds which return to the State General Fund are not "lost" but spent on other State needs. The purchase of low-priority books may increase the library's book count, but does not contribute appreciably to the University's teaching or research missions. Further, the costs of cataloging, storing, and maintaining such books is a drain on limited resources.

As a result of this analysis a number of recommendations are made, including the following:

- *The University should cease using a sole source and should comply with the Procurement Act.*
- *A library/faculty/administration committee should review the need for and purpose of the collection.*
- *Clear, written collection development criteria should be developed if the collection is continued.*
- *The use of undated invoices primarily to maximize expenditures should be terminated.*
- *The University should take appropriate administrative action with respect to employee leave report discrepancies as reported by the Auditor of Public Accounts.*
- *The University should conduct a management study of the library.*

The complete text of these and other recommendations is contained in the body of this report. In addition, the report addresses the origin and nature of the JLARC staff inquiry, the management of the collection, procurement practices, the cost and value of the collection, and other management issues.

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LIBRARY COLLECTION REVIEW

Origin of the Inquiry

A letter was sent to JLARC on November 25, 1986. The letter appeared to be well documented. It alleged misfeasance and waste of State funds. The key points raised were that:

- (1) "The University has been consistently and grossly overcharged in the purchase of more than 11,000 books over a period of two decades."
- (2) Books were purchased from only one dealer.
- (3) The "overwhelming majority of the books in question have no research value... the library has purchased thousands of yard-sale books at rare books prices."
- (4) The book selection process was inadequate.
- (5) State funds were wasted.

JLARC staff discussed the letter with the Commission Chairman who directed the staff to begin an inquiry.

Staff Inquiry

As a first step, the University President was notified regarding the allegations. An appointment was made and the letter was discussed in-depth with the University President, Counsel, and Associate Vice-President for Budget and Planning. The President promised the full cooperation of his administration. The University Internal Auditor was designated as JLARC's day-to-day point of contact. The Internal Auditor prepared a report to the University President, which was later provided to JLARC staff.

The allegations were discussed several times with the letter writer over the phone and in person. The writer wished to remain anonymous. Additional detail was given on some points and the writer informed JLARC staff of personal interests that might have a bearing on his objectivity.

JLARC staff met on numerous occasions with University library staff to determine the purpose and nature of the collection. JLARC staff examined the collection and reviewed invoices, correspondence, library procurement procedures, and other matters related to allegations raised in the correspondence.

Because of the specialized nature of the area being studied, the State Librarian was consulted regarding means of addressing the value of the collection. A methodology for drawing a sample of 124 books was agreed upon and a rare books expert from the State Library appraised the sample.

The State Librarian also provided comments to JLARC staff regarding other matters which were observed during the course of the review. The State Librarian's comments are attached as Appendix A. When data collection and interviews were concluded, an exposure copy of the special report was provided to the University President and the State Librarian for review and comment.

The major issues addressed in the JLARC review are the management and oversight of the collection, procurement practices, and the cost and value of the collection.

MANAGEMENT AND OVERSIGHT OF THE SOUTHEASTERN AMERICANA COLLECTION

The collection was started by a former University Librarian in the late 1950s and continued by present library management. Because the library had limited staff, it originally was agreed that in return for making regular and sizable purchases from the vendor, the vendor would serve as a library "scout" who would attempt to locate books on Southeastern Americana. This vendor, and the library employee who worked with him, shaped the collection to their own tastes, given the absence of a collection development policy, faculty input, or active University oversight.

Collection Development Policies Were Lacking

Alderman Library built the Southeastern Americana collection for over 30 years without having any written criteria to define the collection. Anything that was generally related to the Southeastern United States was a candidate for inclusion in the collection.

Absence of Written Criteria. Major libraries often have written criteria called collection development policies to establish the boundaries and goals for the development of a particular collection. Alderman Library has collection development policies for some of its collections, but none exists for the Southeastern Americana collection.

The criteria for selecting items in the Southeastern Americana collection are only implicit in the history of the collection, the individual tastes of the library employee responsible for selecting items for the collection, and the range of books in the vendor's inventory. As a result, the Southeastern Americana collection is a hodgepodge of materials loosely related to the Southeastern United States. For example, items in the collection include travel brochures advertising Florida hotels, regional verse, family genealogies, dog breeding manuals, histories of regional social clubs, and books related to the Southeast only because they are published by a regional company. While a university with 2.8 million books is bound to have some esoterica, the potential research value of some items purchased strains common sense.

A collection development policy for the Southeastern Americana collection would allow the library to set guidelines for the collection including

types of authors, dates of publication, format of materials, nature of works, and other related selection criteria.

One of the primary benefits of developing a collection is that the economic and research value of a well-developed collection, when taken as a whole, can exceed the value of the sum of the individual books in the collection. Because Alderman Library failed to draft and implement a comprehensive collection development policy, the economic and research value of the collection taken as a whole may not even equal the sum paid for the items in the collection.

Need for Greater Faculty Oversight. Any collection development policy developed by the library should reflect its mission as a major research library. The scope and direction of the University's research is largely guided by its faculty. The library should develop collections which reasonably serve existing faculty as well as address other University objectives. Faculty have not been consulted regarding the development of the Southeastern Americana collection.

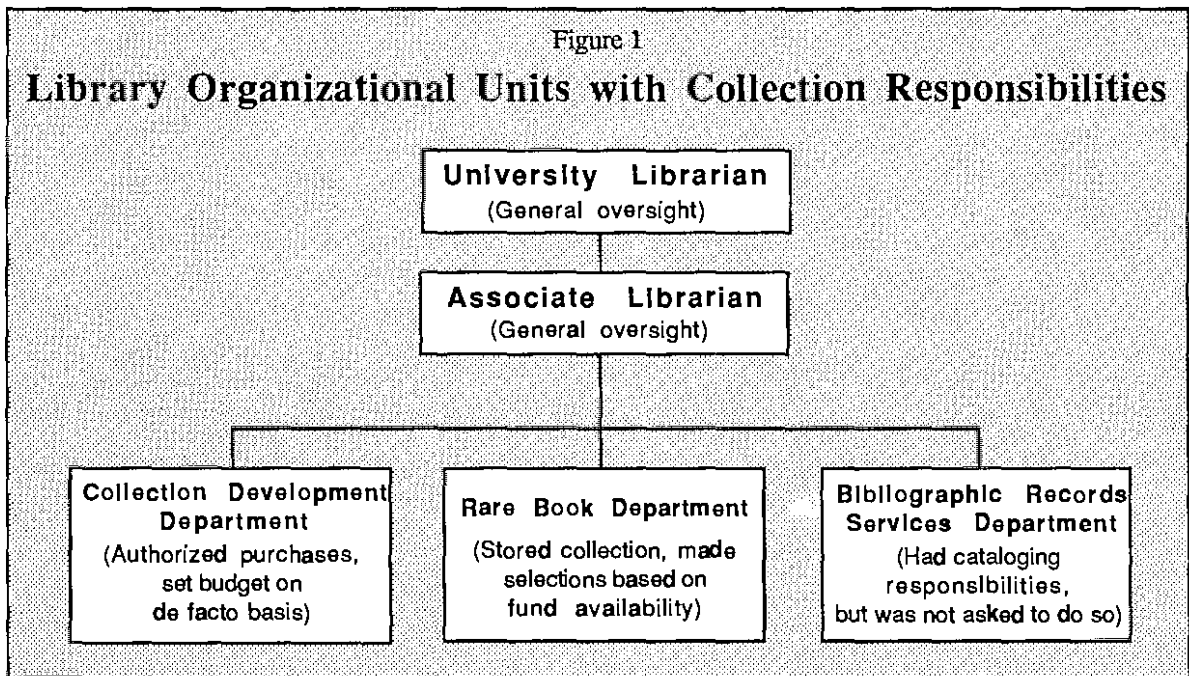
A Faculty Library Committee is responsible for addressing general library matters such as capital outlay, building security, circulation policies, librarian salaries, and the allocation of funds to parts of the library. This committee has not had a role in developing library collections in general. Although the lead responsibility for drafting collection development policies should remain with the library, the University should encourage greater faculty participation in decisions regarding the development and scope of its various collections.

No Library Department Was Responsible for Managing the Collection

Three library departments have a role to play in the Southeastern Americana collection: the Rare Book Department, the Collection Development Department, and the Bibliographic Records Services Department (Figure 1). None of these organizational units or anyone else in the library, however, was assigned or felt responsible for the overall management of the collection. Because of the way the collection evolved, each department viewed the collection as someone else's responsibility. Consequently, the collection was purchased and stored "temporarily" in the Rare Book Department since 1972 without being integrated into any of the library's usable collections.

The Southeastern Americana collection began well before most of the current employees of the library joined the University. As the collection was augmented each year, it gained momentum and essentially became self-perpetuating. Those library staff who knew of the collection did not question its merits because the library had been developing it for such a long period of time.

Rare Book Department. According to the State Librarian's report only about 5 to 10 percent of the books in the Southeastern Americana collection are considered rare. Of those books that are rare, very few have significant monetary value. Because of the small number of rare books in the collection, personnel in the Rare Book Department did not consider the



Source: Alderman Library organization chart and interviews with library staff.

collection to have the same status or importance as the department's other collections of truly rare books. Rare Book Department personnel viewed the collection as a general library collection which was simply being housed in the Rare Book Department.

Alderman Library's Collection Development Department has numerous employees, called bibliographers, who are responsible for purchasing non-rare books intended for the general library. Although most of the items in the Southeastern Americana collection were intended to be cataloged into the general library, the person responsible for selecting items for the collection was an employee of the Rare Book Department. The Rare Book Department director considered the employee to be providing a service to the general library and thus accountable not to his department but to the general library for the type of books selected. The director of the Rare Book Department did not oversee the selection of books nor the scope of the collection, even though the employee selecting books reported directly to him.

Collection Development Department. The Collection Development Department is responsible for overseeing book and periodical acquisitions for the general library and processing invoices for purchases made by the Rare Book Department. Most rare books are selected by the Rare Book Department in accordance with its budget, which is approved by the Collection Development Department. However, prior to FY 1987, funding for the Southeastern Americana collection was set by the Collection Development Department independently of the Rare Book Department. At the same time, no one from the Collection Development Department regularly reviewed the books selected for the collection. The director of the Collection Development Department paid invoices for the collection for 17 years while only rarely and partially reviewing the collection. Given the magnitude of the library's book

acquisitions, it would be unreasonable to expect this individual to review each book purchased for the collection. What is evident, however, is that until very recently only the individual making the selections knew much about the collection.

The director of the Collection Development Department was aware of the longstanding backlog of many thousands of books, but for over a decade he continued to authorize expansion of the collection. He explained that it "is my job to buy books, not to see that they are cataloged."

Bibliographic Records Services Department. None of the items in the Southeastern Americana collection have been cataloged since 1972. The priorities of Alderman Library's cataloging department, the Bibliographic Records Services Department, are set by the departments which have purchased the books to be cataloged. Since the Rare Book Department had not requested its assistance, the cataloging department did not catalog the Southeastern Americana books. The cataloging department knew something of the backlog in the Rare Book Department, but was unaware that an entire collection had not been cataloged for over 15 years.

Delegation of Responsibility for Selecting Items. Purchases for the collection have been made by the same library employee without the benefit of any written guidelines or management oversight for over two decades. Alderman Library chose to rely on the experience and tastes of the employee responsible for purchasing the books to define the scope of the collection, rather than formulate a collection development policy and periodically check to see that acquisitions were in accordance with the policy. The library, in essence, delegated its collection development responsibilities to one library employee. With the library's tacit approval, that employee relied, in part, on the vendor to select books for the collection. The collection was shaped by one employee and by a vendor whose decision as to what items should be in the library was probably influenced as much by what became available to him to sell as by what the library needed.

Conclusion. Alderman Library management allowed a collection which had no written criteria and had been largely unplanned from the beginning to continue to grow. Each of the library departments involved felt that the collection was some other department's responsibility. The Rare Book Department never questioned whether the collection was appropriate for the library because it was "not a rare book collection." The Collection Development Department saw its role as finding ways to buy books rather than asking if the library was spending the money wisely. Items in the collection remained uncataloged because no one asked that they be cataloged. Full responsibility for the Southeastern collection was essentially delegated to one employee.

PROCUREMENT PRACTICES

A budget for the Southeastern Americana collection was not established until FY 1987. Prior to that time, Alderman Library spent money on the Southeastern collection as the funds became available, particularly year-end funds which would otherwise lapse and be returned to the

General Fund. In the one year when the library budgeted monies for the collection, actual expenditures were four times the budgeted amount.

Use of "Excess" Funds

Each biennium Alderman Library divides the overall library budget into monies to be spent on purchases of different types of books. Frequently, not all the monies intended to be spent on one kind of book are spent and the library finds itself with an excess in an area.

Alderman Library has several priorities for acquiring books. Serials are the highest priority, followed by new books. The Southeastern Americana collection is among the last of the library's priorities. The library chose to spend its excess monies on a relatively low priority item because it could do so within a few days just prior to the end of the fiscal year. The library's practice was to select books without regard for the library's total cost. Books would be paid for to the extent funds were available. Undated invoices would be provided by the vendor so that the library could pay for the remaining books when excess funds became available at the end of the fiscal year. Had the library chosen to purchase higher priority items such as serials or new books, it might have had to wait until the books were delivered, which could have been in the next fiscal year. The amount of money spent each year on the Southeastern Americana collection fluctuated depending upon the amount of excess funds available.

While the library's interest in maximizing its collections is understandable, public institutions have an obligation to spend the taxpayer's money in the most prudent manner possible. If the library discovers it has excess money, it should spend the money responsibly or return it to the General Fund. Alderman Library dumped excess monies on low priority items without sufficient planning and forethought.

Failure to Spend According to Budget

The principal means by which institutions plan and control their expenditures is through budgeting. For the first time, in FY 1987, the library established a budget of \$15,000 to purchase books for the Southeastern Americana collection. Actual expenditures for FY 1987, however, were almost four times the amount budgeted. Expenditures stopped when JLARC began its study.

Of the \$59,000 spent in FY 1987, the budgeted amount of \$15,000 was spent on new selections. An additional \$37,000 was spent to pay for items purchased with undated invoices and delivered in the previous fiscal year. The remaining \$7,000 was spent from local library endowment funds for books costing more than \$100. When asked about this procedure, the director of Collection Development said that the library had an informal arrangement with the vendor that if funds were not available to purchase books in the current fiscal year, the vendor could leave the books and send undated invoices. As many books as possible would be purchased with year-end funds. The library would then take monies "off the top" of the next year's budget to pay for the books. Such a practice is not, by itself, illegal for a department of an agency,

but it is a poor budgeting practice. It shows a disregard for budgeting in general and potentially compromises the next year's budget.

State agencies are prohibited from engaging in deficit spending by the Appropriations Act. Section 4-3.01(a)(2) of the 1986 Appropriations Act states, "... no state agency receiving appropriations under the provisions of this act shall obligate or expend funds in excess of its appropriations." By agreeing to purchase and store books from the vendor, the library obligated funds which could have potentially caused the University to exceed its appropriated monies. It is unlikely that the spending of a single department could have this effect. However, agencies or institutions where this procedure is a common practice place themselves at risk.

Violation of the Virginia Procurement Act

The Virginia Public Procurement Act, §11-35 *et seq.* of the *Code of Virginia*, became effective January 1, 1983. It requires all public contracts with private vendors for the purchase of goods or services to be awarded by competitive sealed bidding or competitive negotiations, unless otherwise provided by law.

Competitive sealed bidding requires the government entity to issue a written Invitation to Bid at least 10 days prior to the date set for receiving bids by posting notice in a designated public area or by publication in a newspaper of general circulation, or both. Contracts are to be based on the requirements set forth in the invitation and awarded publicly to the lowest responsive and responsible bidder.

If the government entity determines in writing after reasonable notice to the public that competitive sealed bidding is either not practicable or not fiscally advantageous to the public, then the contract may be awarded by competitive negotiation. Competitive negotiation requires that the government entity issue a written Request for Proposal indicating in general terms what is to be procured. The request must also identify other contractual provisions and state how proposals will be evaluated. Notice of the request must be given at least 10 days prior to the date set for receipt of proposals by posting notice in a public area normally used for posting of public notices or by publication in a newspaper of general circulation in the area where the contract is to be performed, or both.

Competitive sealed bidding and competitive negotiation can be avoided where the government entity documents in writing that only one source is practicably available for what is to be procured. Notice that only one source was determined to be practicably available must be posted in a designated public area or published in a newspaper of general circulation. The notice must identify what was procured, the contractor, and the date on which the contract was or will be awarded.

Competitive sealed bidding and competitive negotiation can also be avoided for single or term contracts not expected to exceed \$10,000 where the government entity has established written purchase procedures. The written procedures must provide for competition wherever practicable and be in

accordance with the small purchase procedures of the Department of General Services' Division of Purchases and Supplies.

Chapter 5 of the *Agency Procurement and Surplus Property Manual* of the Division of Purchases and Supplies lists the number of bids to be obtained for acquisitions falling within certain price ranges up to \$10,000. The manual also provides conditions for sole source acquisition.

Section 2.1-451 of the *Code* exempts libraries from acquiring books with the assistance of the Division of Purchases and Supplies. It does not, however, exempt them from the Division's regulations and from the Procurement Act.

For three decades, Alderman Library has purchased books for the Southeastern Americana collection from only one vendor. Since the adoption of the Procurement Act, the University has continued to use the same vendor. In fiscal years 1984 through 1987, Alderman Library spent an average of \$80,569 per year on the collection (Table 1). Alderman Library has never issued an Invitation to Bid, or a Request for Proposal for vendors to supply books concerning Southeastern Americana. Nor has the library stated in writing that only one source is practically available to supply books on Southeastern Americana. By its practices, Alderman Library violated Virginia's Public Procurement Act.

University administrators were unaware that the library was spending such large sums of money for books from a single source. The University's policy has been to exempt book acquisitions from normal procurement oversight. Invoices are processed within Alderman Library rather than through the University's central administration or with the assistance and oversight of the Department of General Services' Division of Purchases and Supplies. Had Alderman Library not been exempt from normal University acquisition procedures, the University may have questioned payment of large invoices to the sole source and thereby changed the procedure.

Items Were Selected Without Appropriate Time for Review

A few times each year, the vendor drove to the University, bringing along with him crates of books and pamphlets on Southeastern Americana. He

Table 1

RECENT EXPENDITURES ON SOUTHEASTERN AMERICANA COLLECTION

FY 1984	\$ 71,992.00
FY 1985	111,172.50
FY 1986	86,264.50
FY 1987	52,847.50
	<u>\$322,276.50</u>

Source: University Internal Auditor.

checked the main library catalog to be certain that he would not attempt to sell the University books it already owned, and then presented his inventory to the employee responsible for making selections. After receiving a brief explanation from the vendor as to the importance of the items for sale, the library employee looked through each item and then decided which ones the library would purchase. The library employee never attempted to negotiate a lower price for any of the books offered by the vendor. Most of the time the library employee selected almost all of the books for sale.

In contrast to the practice just described, most library books are ordered from dealers after the library has performed a limited amount of research on the books. Rarely are books purchased from travelling book dealers. By allowing its employee to select books with the vendor standing nearby, and without allowing a reasonable time for reflection, Alderman Library may have acquired numerous books it would not have purchased had the usual procedures been followed.

Further, the overall practice of using a book "scout" seemed to create an environment in which library employees felt subtly influenced to make purchases. The scout theoretically had taken risks in purchasing the books on approval and was providing services, such as checking the card catalog for duplicates. Under such circumstances, and without the constraint of a budget or a collection development policy, the vendor was operating from an advantageous position. This advantage seemed also to carry over into the prices received for the books.

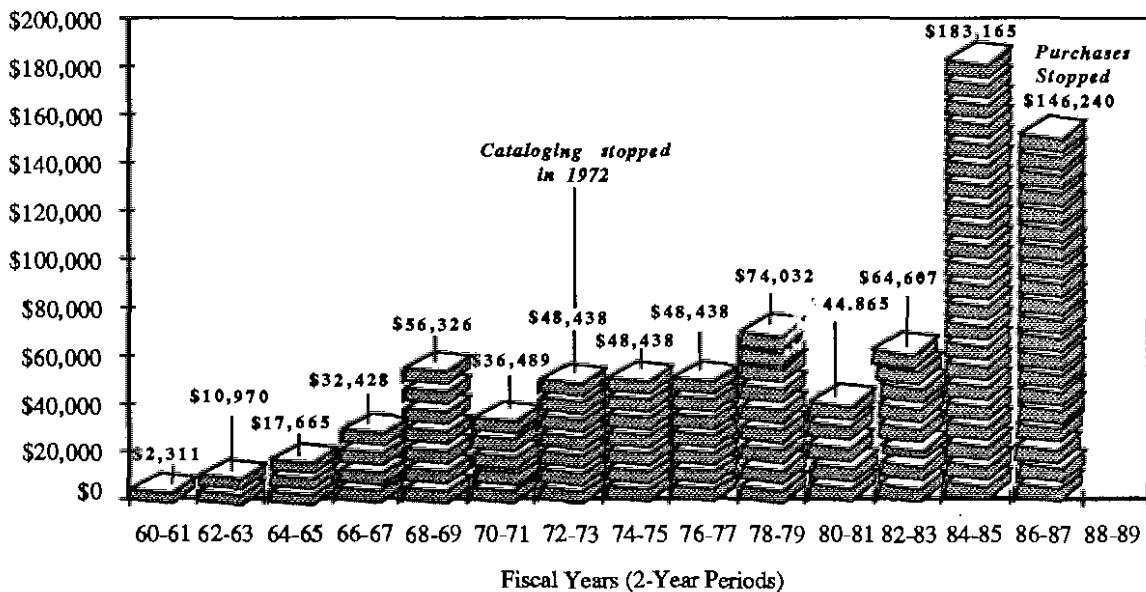
Setting prices for out-of-print books and pamphlets involves a great deal of guesswork. Most of the items in the Southeastern Americana collection appear not to be bought and sold by the major auction houses. Thus few records exist to establish market prices for collection items. The library employee responsible for selecting items for the collection explained that he never negotiated with the vendor because he "came from a generation" which did not negotiate the price of things such as books. Had the library negotiated for the price it would pay for items in the collection, it might have saved a significant amount of State funds on the collection. Opening the procurement process up to other vendors might also have resulted in savings. When the cost and value of the collection are examined it appears that the University did not get the best deal possible on the items purchased.

COST AND VALUE OF THE COLLECTION

The total cost of the collection cannot be fully calculated. The collection dates to 1959, and procurement records are not required to be kept for that long a period. The University Internal Auditor calculates that \$511,498.50 was spent over the past 10 years. Other records vary slightly from that amount. When unofficial records are added in, the total comes to \$667,023.50 since 1960. If an estimate is made for the missing years (using an average of the year before and the year after), the total can be estimated at approximately \$800,000 (Figure 2). Purchases peaked in FY 1985 when \$111,172.50 was spent. (See Appendix B).

Figure 2

Amounts Spent On Southeastern Collection



Data for years prior to 1977 are partial estimates and may be based on calendar as well as fiscal years.

Source: University Internal Audit Department and vendor. Estimates were made by JLARC staff.

Value of the Collection

Rare book collections have both monetary and research value. The monetary value is a function of the supply of and demand for rarities. The research value is related to the role the collection plays in the scholarly research objectives of the University.

Economic Value. One of the principal allegations raised to JLARC was that "rare book prices" were charged for "yard sale books." This allegation was assessed in a number of ways:

- (1) JLARC staff looked at the uncataloged items of the collection.
- (2) JLARC staff interviewed library staff personnel regarding their opinion of the collection.
- (3) The advice of the State Librarian was sought. After consultation with the State Librarian, a procedure was developed by which a rare books expert from the State Library would appraise a random sample of more than one hundred books. The methodology for this sample and more detailed findings are contained in Appendix C to this report.

The books in the collection generally are not "yard sale books." According to the State Librarian, the University library "was probably not overcharged on individual titles, but the total value of the collection would not equal the amount paid." (See Appendix A).

Based on JLARC's sample, an estimated \$462,302 (not adjusted for inflation) was paid for the 12,000 books uncataloged since 1972 and available for review. Based on that same sample, the aggregate appraised value of individual titles was \$431,173. The difference between the estimated cost of the collection and the estimated aggregate value of individual titles is not statistically significant. The estimated cost of the collection, when adjusted for inflation, was \$552,634 or approximately \$120,000 more than the estimated value of the collection. This difference is statistically significant at the .0001 level.

Since the price and value of the uncataloged books were projected from a sample, the actual price and value (if all 12,000 books had been examined) are likely to fall within a range of the estimated price and value. Appendix C shows the method used by JLARC staff to sample the Southeastern collection, those items that were selected, and the ranges in which the actual price and value are likely to fall.

In some cases Alderman Library purchased books which appreciated in value. For example, the estimated value of Richmond Commandery No. 2, Knights Templars Ascension Day Services exceeded its cost in 1985 dollars by \$82.63. On the other hand, in some cases book values were well below cost. For example, the library paid \$155.40 in 1985 dollars for Reminiscences of the War of the Rebellion, by Elbridge J. Copp, when the book's estimated value is \$45.00. Using 1985 dollars, books in the collection cost the library on average \$45.63 per item which is \$9.98 per item more than the average appraised value per item of \$35.65.

Some of the books owned by the University are so valuable that they are stored in a vault. In 1977, the vendor sold to the library for \$3,500 a book called The Laws of Tennessee, published in 1803. State funds were not used for the purchase. Although the library keeps the book in the rare book vault, the Virginia State Library expert appraised it at approximately \$300. He verified his appraisal through discussions with experts at the State Library of Tennessee and with a well-known book dealer in Tennessee. The library purchased The Laws of Tennessee using the same procedure as it followed to acquire books for the Southeastern collection. Relatively little time was devoted to researching the value of the book. Alderman library's acquisition of The Laws of Tennessee is an example of how opinions regarding the price of out-of-print books can vary and of the need for adequate research.

While the estimated actual cost and value of the individual titles is comparable, in the opinion of JLARC staff and the State Library's appraiser, the commercial resale value of the collection is probably significantly less than the cost or value of the collection. The State Library's appraiser said that, while rare book collections generally appreciate in value, he doubted this collection could be sold for much more than 10 percent of its purchase price. Because the collection was ill-defined, the whole is not equal to the sum of its parts. The value of the collection is diminished because of its lack of definition and its focus on scarce rather than rare items.

According to the State Library rare books expert, two of the biggest problems with rare book collections are (1) theft and (2) lack of control over what is bought. In this case it appears that the second problem may have played a role. Among library staff, a common complaint was the collection was not well defined. Consequently, it is not complete in any facet. As one library staffer noted, "if you have one book on farming in the South, then you have a book on farming in the South. If you have 50 or 60 books on farming in the South, then you have something." The current collection is not complete enough for the items to enhance each other.

The value of the collection is also diminished because the items are largely scarce or esoteric, not rare. Because of its limited availability, a scarce item can command a high price if there is an identified buyer. The item has value limited to the buyer and supplier, however, and not necessarily to the market as a whole. In this case, the items appeared to the seller to have value to the buyer because of the University's stated interest in a Southeastern Americana collection. Consequently, the seller was able to command a premium price for materials that did not always have high intrinsic value. An example of the relationship might be a buyer's interest in esoteric items related to his family history. If a seller knows of this interest and can supply items, then the seller can ask a high price. The value of these items to other buyers would most likely be nominal, however.

Research Value. The research value of the Southeastern collection should also be considered. According to the director of the Rare Book Department, the Southeastern collection built on the University's "strength" as a major national university with a regional focus. The point that the University of Virginia is "the" place for research on the Southeast was repeatedly made by University staff. The same point is documented in an inter-office memorandum dated November 18, 1971, which states that since 1960 the University had an agreement with the seller to:

Bring all appropriate Southeastern history and literature purchased to the library. Southeastern is defined as south of Maryland and east of the Mississippi, but including Louisiana also.... This arrangement was set up....on the basis that, if we hoped to have complete collections in any area, it would have to be in Southeastern Americana, building on the strong gifts we have received over the years..... The usefulness of any such collection for scholars relies not only on the value of any single title, but on the completeness of the collection.

While such an objective is reasonable, the implementation of the goal was too diffuse. Consequently, the research value of the collection is limited by its degree of comprehensiveness. Anything and everything written in or about the Southeast was collected. Under these guidelines, histories, biographies, fiction, poetry, vanity press publications, pamphlets, documents, and other materials about or by Southeasterners were purchased. Many of the books are so esoteric that they are of speculative research value. The Southeastern collection was a massive, and perhaps impossible undertaking.

By 1985, purchases exceeded \$100,000 per year and questions were raised within the library regarding the feasibility of developing a collection with such broad criteria. A letter to the seller in February 1986 noted that the Rare Book Department was in the process of revising its policy for the collection. "When completed, it will limit the collection to a more narrow spectrum of materials that are more central to the University's teaching and research programs." No further written delineation of these collection development criteria has since been developed, however.

The collection's research value is also significantly limited by its almost total inaccessibility. It is located in the isolated stacks of the Rare Book Department and has not been cataloged since sometime before 1972. Consequently, more than 12,000 items are "accessioned" only. This means that only the title and author are noted on the accession card and a book can only be located if one knows its author. Moreover, the card catalog for these materials is in the rare book room only. Since general catalog information is not available and few seem to know about the collection, it is almost never used. Library staff acknowledge that these materials are never or almost never used. The director of the Rare Book Department estimates that 12 uses per year for the entire collection would be "a large number." At that rate of use, each item in the collection would, on average, be used once every one thousand years. The question must be asked, if the collection was valuable enough to spend more than a half million dollars on in the last decade, why was it not valuable enough to catalog?

Future Spending on the Collection

The director of the Rare Book Department would like to see the collection expanded. While the books are by "second echelon" writers, he said, "they are American, they are Southeastern, and they are literature." Furthering the collection "builds to strength," he said. Everyone including the University has the major writers, but people have to come to the University of Virginia for the second echelon writers, he noted. At the same time, this individual would like to see "more specific fields of interest developed" and the collection "tightened up." He did not say how.

Future management of the collection should take into account the nature of the items in it. Most of the books in the Southeastern collection are made of paper from highly acidic wood pulp. Over a 40- to 60-year period, most of the books will deteriorate significantly. Because the books are not rare, it is probably not worthwhile deacidifying them. If the library intends to make use of the collection at all, it should do so on a timely basis.

Alderman Library personnel estimate that it would cost a minimum of \$11 per item to catalog the 12,000 items in the Southeastern Americana collection. The total cost would be about \$132,000. It is questionable whether a number of the items in the collection merit the cost of cataloging. A better approach would be for the library to review items in the collection and determine whether their research value is such that they should be cataloged into the general library. Such a review should be in the context of University action to develop a development policy for the collection.

OTHER MANAGEMENT ISSUES

Several matters not related to the allegations of the initial letter surfaced which warrant comment: (1) discrepancies in personnel records, and (2) the use of dealer shelves. Issues raised by the University's Internal Auditor are also summarized in this section.

Alleged Discrepancies In Employee Leave Records

During the course of the JLARC review, allegations were made that there were discrepancies in employee leave records. This matter was referred to the Auditor of Public Accounts, who is responsible for auditing the University of Virginia. The Auditor investigated the allegations by interviewing library staff and reviewing library records. The Auditor identified weaknesses in one department's internal controls for record keeping, specifically that a supervisor did not monitor employee attendance or approve employee leave reports. Consequently, employee leave records were not always representative of the actual amount of leave taken. The Auditor recommended that regular working hours should be set for each library employee, that the supervisor should monitor and verify employee leave records, and that the University should evaluate the discrepancies identified by the Auditor and take appropriate action. Appendix D contains the Auditor's report, which was presented at the May 11th JLARC briefing.

Dealer Shelves

Occasionally, the Rare Book Department discovers it has duplicate copies of books or believes books are no longer necessary for the library to maintain. These books are placed on what library staff call dealer shelves. Book dealers with whom the department is familiar are allowed to select books from the dealer shelves in return for credit against future library purchases.

The rules of the Division of Purchases and Supplies of the Department of General Services require that all surplus property be sold using competitive bidding. The Rare Book Department is not allowing competitive bidding and is therefore in violation of the Division's rule. The practice of using dealer shelves shows favoritism towards certain book dealers and should be stopped. A substitute practice which conforms with State guidelines should be developed.

Findings of the University's Internal Auditor

In addition to those issues addressed in this report, a number of management and other issues are raised in the report of the State Librarian and the report of the University Internal Auditor.

After the University President was informed of the JLARC review, he instructed his Internal Auditor to investigate and draft a report concerning the allegations made to JLARC. After interviewing library personnel and

reviewing expenditure data, the Internal Auditor concluded that (1) management practices over the Southeastern collection did not provide enough control to ensure that purchases were reasonable and necessary, (2) one library employee was able to purchase unlimited quantities of books of a speculative nature over a 30-year period, (3) library management never clearly defined the scope of the Southeastern collection, (4) the resources devoted to the collection were disproportionate to the resources devoted to other areas within the Rare Book Department, (5) the collection was used as a means to use unexpended library funds at the end of the fiscal year, (6) procurement procedures for the collection should be strengthened considerably to provide for greater management review, (7) the library should avoid using a sole source when unnecessary, and (8) library management was unaware of the extent of resources devoted to the Southeastern collection. The Internal Auditor also suggested that the department director should approve all purchases by the Rare Book Department, curators and bibliographers should be responsible only for suggesting items to be purchased, individual book purchases for items valued at over \$1,000 should continue to be approved by the University Librarian, and individual invoices amounting to more than \$5,000 should be approved by the University Librarian. JLARC staff are in general agreement with these findings and recommend that the University act on them.

JLARC STAFF RECOMMENDATIONS

Collection Development

Recommendation (1). The University should establish a temporary committee to review the purpose and role of the Southeastern Americana collection. The committee should consist of faculty, library, and administrative staff. The committee should address the need for such a collection and should develop clearly defined written criteria for the collection if it is to be continued. Alderman Library should discontinue purchasing books for the collection until a Southeastern Americana collection development policy has been established. Subsequent to the establishment of a collection development policy, Alderman Library should review items in the Southeastern Americana collection and assess whether they have significant research value to University researchers. These books should be cataloged. The remaining books should be excessed or sold.

Recommendation (2). The University should consider the establishment of similar temporary committees to review other library collections.

Recommendation (3). The University's Faculty Library Committee should assume a greater long-term role in reviewing collection development policies and ensuring that they reflect the research mission of the University.

Recommendation (4). The University Librarian should remove responsibility for the Southeastern Americana collection from the Rare Book Department and vest it in the general library.

Procurement Practices

Recommendation (5). The University library should refrain from purchasing books for collections such as the Southeastern Americana collection where a substantial number of books in the collection have not been cataloged for a number of years.

Recommendation (6). The University library should refrain from purchasing books from book dealers who visit the University unless the practice can be modified to allow a reasonable time for research and evaluation of the merits of items offered for sale.

Recommendation (7). When feasible, Alderman Library should attempt to negotiate the prices for books and other library materials it purchases.

Recommendation (8). The University of Virginia should assess whether it continues to be in the University's best interest to allow Alderman Library to acquire books independently of the University's central administration.

Recommendation (9). Alderman Library should begin complying with the Virginia Procurement Act. Use of vendors should be managed in a manner that complies with the Act. The long-term use of sole source vendors should be discontinued. The University should monitor compliance.

Budget and Expenditure Practices

Recommendation (10). The library should refrain from practices primarily oriented to using State funds which would otherwise be returned to the General Fund. All library expenditures should be predicated on proper management, planning, and budgeting.

Recommendation (11). The University should discourage its departments from obligating future expenditures in the manner practiced by the Alderman Library. The practice is not a sound budgeting procedure and risks deficits. The library should stop requesting or accepting undated vendor invoices for the principal purpose of expending year-end funds.

Other Recommendations

Recommendation (12). The University library's use of dealer shelves should be modified to conform with the intent of State guidelines on surplus property disposal.

Recommendation (13). Consistent with the findings of the Auditor of Public Accounts, the University should: (a) require Alderman Library supervisory personnel to monitor and approve employee leave reports; and (b) pursue appropriate administrative action with respect to leave report discrepancies found in the Alderman Library.

Recommendation (14). The University of Virginia should conduct a management study of Alderman Library. Procurement and fiscal practices, chains of commands, departmentation of functions, and management competency should be reviewed in the University study.



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APPENDIX A

COMMENTS OF THE STATE LIBRARIAN



COMMONWEALTH of VIRGINIA

VIRGINIA STATE LIBRARY

RICHMOND 23219-3491

ELLA GAINES YATES
STATE LIBRARIAN

REPORT

TO: Mr. Kirk Jonas
Deputy Division Chief, JLARC

FROM: Mrs. Ella Gaines Yates *E. Yates*
State Librarian

DATE: January 15, 1987

RE: SOUTHEASTERN AMERICANA COLLECTION of
THE ALDERMAN LIBRARY

Mr. Chamberlain, the rare books consultant at the State Library, reports the following assessment of the University collection under study:

The collection examined should not be considered a Rare Book Collection. Although there were a few items that are unique, at least 90-95% of this collection would be considered circulating material in almost all libraries.

There did not appear to be any general aim to the collection except for a possible Southeastern United States emphasis. The collection ranged from city reports, train schedules, visitors brochures, histories, to popular fiction set somewhere in the southeast.

If the criteria was for regional emphasis at the time it was assembled, there did not appear to be any clearly defined boundaries. There were books on Texas as well as general books which might contain one reference to the southeast.

There did not appear to be any guidelines referring to editions or printing issues. There were several titles in more than one edition, others only in late editions. There was at least one title where the only difference was in the color of the binding. Since this was not an important author and a relatively late publication date, there did not appear to be a reason for its inclusion.

There was some duplication within the collection, therefore raising the query of duplication with the general collection or other uncatalogued collections. Mr. Chamberlain reports that he was told, but did not see, that

Mr. Kirk Jonas
Page 2
January 15, 1987

there was an alphabetical accession list. This would be of some, but limited, value in avoiding duplication.

The total impression was that the library was probably not overcharged on individual titles, but the total value of the collection would not equal the total amount paid. The fiction purchased could almost certainly have been purchased for a lower sum, through diligent use of dealer's catalogues, although this would have been labor intensive.

During the time Mr. Chamberlain spent in the rare book storage area he made some informal observations that were outside the scope of the JLARC study.

There appeared to be many uncatalogued collections in this area. Three that drew his attention were (1) British Literature, (2) American Literature and (3) unlabeled, but which I will, refer to as, First Editions. The reason for his interest here was the possibility of duplication between the Southeastern Americana Collection and another collection. There would appear to be a very high potential for duplication between the Southeastern Americana Collection and the American Literature Collection. He did not have time to thoroughly verify but feels this might be the case.

In the British Literature and the First Editions, Mr. Chamberlain believes that there are duplicates. Since his interest is British Literature and personal, he is sure he saw duplicates of G. A. Henty, R. M. Ballantine and possibly M. Rider Haggard. He is certain he saw duplicates within the British Literature Collection.

In another area, Mr. Chamberlain asked about a particular rare first edition. He was told the library probably did not have it, but a check would be made so he could see the book if they did. Later he found the book in the same stack area in many editions, but he never received confirmation that the library owned it.

Mr. Chamberlain does not see how these collections, which are accessioned but uncatalogued, can be as useful as they should be to the library.

To conclude; it was felt that the Southeastern Americana Collection was not one of rare books and the items should have been catalogued and shelved in the general collection. It will have little potential stored where it is, and the manner in which the collection is arranged, and as such could lead to unnecessary duplications.

EGY:jr

APPENDIX B

EXPENDITURES ON THE SOUTHEASTERN COLLECTION

C 1960	\$ 237	C 1970	\$ 13,650	F 1980	\$ 13,897.50
C 1961	2,074*	C 1971	22,839	F 1981	30,967.50
C 1962	3,911	1972	24,912*	F 1982	24,364.50
C 1963	7,059	1973	24,912*	F 1983	40,242.50
C 1964	6,391	1974	24,912*	F 1984	71,992.50
C 1965	11,274	1975	24,912*	F 1985	111,172.50
C 1966	16,193	1976	24,912*	F 1986	86,264.50
C 1967	16,235	1977	24,912*	F 1987	59,975.50
C 1968	34,964	F 1978	26,985	1988	n/a
C 1969	21,362	F 1979	47,047.50	1989	n/a
TOTAL	\$119,700	TOTAL	\$259,933.50	TOTAL	\$438,876.50

GRAND TOTAL = \$818,570

C = Calendar year data

F = Fiscal year data

*Estimates

Source: University Internal Audit Department and letter to University from vendor. Estimates were made by JLARC staff.

APPENDIX C

APPRAISAL OF THE SOUTHEASTERN COLLECTION

Items purchased for the Southeastern collection have been uncataloged since 1972. To determine the cost and value of the Southeastern collection since 1972, JLARC staff reviewed a sample of 1% of the approximately 12,000 uncataloged items in the collection. JLARC staff selected 124 books and compared the cost of each book with the 1986 appraised value. Although invoices had long been discarded for most of the items, it was not difficult to determine actual cost. The vendor's practice was to write the cost of the item in pencil on the front or inside of each book. These prices appeared in most of the books reviewed. If a book was selected which did not have a price written on the cover or could not be appraised for some reason, then it was not included in the sample. An appraisal of each item in the sample was made by an expert from the Virginia State Library. JLARC staff compared the actual cost with the appraised value of each sample item. In addition, actual cost was adjusted for inflation using the consumer price index and compared with appraised value.

JLARC staff sampled the Southeastern collection in accordance with the following procedure:

1. In order to avoid having to count and re-count the items in the collection, JLARC staff initially assumed the collection contained 11,000 items. This assumption was based on accession numbers and estimates of library staff.
2. A random number was chosen between 1 and 110.
3. The item represented by the random number was selected. Every one hundredth book thereafter was selected.
4. Prices were noted on an inventory sheet. If a price was not available or the item could not be appraised, it was not included in the sample. About 14% of the books could not be priced or appraised.
5. Because all items could not be priced or appraised, the number of books selected after step 3 did not equal 1% of the collection, and a second set of items was selected.
6. The second set of items was selected by dividing the number of items remaining to be selected into the total number of items in the collection and taking every book representing that interval. A random number within that interval was selected as the starting point.
7. Since the number of books selected after step 5 did not increase the number of books in the sample to 1% of the collection, a third set of items was selected following the same procedure as mentioned in step 6.

8. After the third set of items was selected, the total number of books sampled reached 124.

Information concerning items in the sample is provided on the following pages.

RANDOM SAMPLE OF SOUTHEASTERN AMERICANA COLLECTION
TITLE, PRICE, VALUE, ADJUSTED PRICE INFORMATION

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
1. Miami and Other Impertinences	\$ 20	\$ 35	\$ 51.42
2. Recollections of a Fire Insurance Man	35	35	89.98
3. Courage's Not Given	12.50	30	32.13
4. The Georgia-Florida Field Trial Club	27.50	25	45.34
5. Sketches of Coastal Georgia	35	75	57.71
6. Elizabeth City's New Hotel -- The Sign of a Progressive City	50	45	50
7. Mackey's Ahiman Rezone of S. Carolina	25	30	37.05
8. The Wisdom of Uncle Eph To Jake	12.50	30	18.52
9. Beyond Surrender	17.50	70	34.98
10. A Frontier Knight	15	30	41.55
11. Final Report of Florida Citizens Finance and Taxation Committee	17.50	30	42.36
12. Florida The Land of Romance	17.50	25	25.93
13. Where to Rest and Where to Relax	17.50	17.50	17.50
14. Greeting from The City of Palms	37.50	40	74.96
15. Fort Sheridan to Mount Faucon	25	45	32.65
16. Richmond Commander No. 2, Knights Templors Ascension Day Service	17.50	125	42.36
17. Story of the Trust Company of Georgia	12.50	25	33.20
18. Leonidas Polk Bishop and General Volumes 1 & 2	50	60	121.05
19. Thoughts and Notes At Home and Abroad	22.50	50	54.47
20. Virginia -- A Commonwealth That Has Come Back	12.50	25	16.32
21. Temperance and The Antisaloon League	27.50	40	35.91

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
22. History of Maury County, Tennessee	22.50	30	26.61
23. Arkansas Souvenirs	17.50	25	20.70
24. The Delaware Continentals	45	60	53.23
25. Practical Training in Negro Rural Schools	12.50	75	14.78
26. Pelican in the Wilderness	37.50	30	37.50
27. Steiner	20	25	23.66
28. Diaries of the First Earl of Iddesleigh	87.50	35	103.51
29. The Power That Prevailed	17.50	30	20.70
30. Shadow of Absent Love	35	35	45.71
31. Beginnings, Essays, Stories, Poems	50	25	65.30
32. The Seventh Kansas Cavalry: Its Service in the Civil War	37.50	20	48.97
33. Seclusava or The Arts of Romanism	65	30	84.89
34. Azaleas - Camellias	12.50	25	23.62
35. Fredericksburg	10	20	13.06
36. Inaugural Address of Governor Hoke Smith, July 1, 1911	22.50	25	29.38
37. Each Day A Bonus	20	25	39.98
38. Musings of A Hermit	17.50	20	22.85
39. The Florida Handbook	12.50	30	16.32
40. History and Directory Darlington (W.VA) Methodist Church	12.50	25	14.78
41. The Long Way Home	17.50	15	25.93
42. Damn the Torpedoes	12.50	15	18.52
43. Poems By A Little Girl	12.50	30	18.52

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
44. Texas Camel Tales	37.50	45	37.50
45. Memorial Sketch of Lafayette S. Foster LLD - 1881	25	50	32.65
46. Charleston, S.C. and Mt. Vernon	22.50	20	29.38
47. The Life and Labors of Rev. Samuel Thomas - 1904	32.50	30	42.44
48. As Wild Doves Fly	50	17.50	65.30
49. Life Story of Robert Thomas Creighton	27.50	20	35.91
50. The Temperance Movement on Virginia's Eastern Shore	22.50	30	22.50
51. The Living Tide	17.50	20	20.70
52. Patches of Joy	27.50	12.50	32.53
53. Thy Lighted Lamp (Florida Church History)	27.50	20	32.53
54. Our Presidents in Verse	25	20	29.57
55. Murfreesborough	23	20	27.20
56. Strangers and Lovers	25	20	29.57
57. Midstream	27.50	15	27.50
58. Ocean Springs French Beachhead	37.50	25	41.77
59. Escambia County Florida The Beginnings of Education	17.50	15	18.90
60. Sketches of Old Marlboro	150	125	167.10
61. Little Dolly Day	37.50	25	41.75
62. Speech of Mr. Archer of Virginia 1820 House of Representatives	32.50	30	35.10
63. Address of John H. B. Latrobe before Horticultural Society of MD	37.50	40	40.50
64. Creole and Puritan	87.50	35	94.50

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
65. Reminiscences of the War of the Rebellion	150	45	155.40
66. Obituary Addresses on the Death of Zachary Taylor - 1850	27.50	40	29.70
67. Colonial Trade of Maryland 1689 - 1715	22.50	30	24.30
68. David Glasgow Farragut, Our First Admiral	27.50	25	29.70
69. Thirty-Six	27.50	25	28.49
70. Writers by Moonlight: II	20	20	20.72
71. In Kentucky With Daniel Boone	35	20	36.26
72. Over My Left Shoulder	37.50	35	38.85
73. Echoes	37.50	25	38.85
74. Songs of Sunshine	37.50	25	38.85
75. Where the Rivers Meet	75	25	77.70
76. Memorial of the Rev. William Hooper Adams	37.50	35	38.85
77. The Saga of John Glenn and and Other Poems	22.50	25	23.31
78. Regatta Moon	37.50	12.50	38.85
79. Poems by Ellis	50	20	51.80
80. An Alluring Little Footpath and Other Kentucky Poems	37.50	17.50	38.85
81. Caves	27.50	15	28.49
82. Tristram and Isolde	37.50	40	38.85
83. Membership Roll and Register of Ancestors (Alabama DAR)	37.50	35	38.85
84. The Tenth Generation	75	50	75
85. Daring Deeds of American Generals	50	30	50
86. The Eternal Variant Poems	25	22.50	25

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
87. Sermon of the Death of Rev. Cranmore Wallace (Charleston - 1860)	87.50	75	87.50
88. Aftermath of the Civil War	87.50	15	87.50
89. Ji Yung, A Beautiful Gem	37.50	35	37.50
90. Sesquicentennial First Baptist Church - Raleigh, North Carolina	37.50	40	37.50
91. Facts About Venice, Florida	50	17.50	50
92. The Priesthood in the Church, Set Forth in Two Discourses Delivered in ... Baltimore ... (1842)	75	70	75
93. Ballet of Leaves	27.50	17.50	27.50
94. Improvements in Rural School Houses and Grounds	50	55	50
95. Bayline (1908)	45	30	45
96. Florida Historical Pagent Official Program (1922)	17.50	20	22.85
97. War Flowers Poems of A Soldier	37.50	30	37.50
98. Blackstone Female Institute 1913-1914	37.50	35	37.50
99. Thad Stem's First Reader	37.50	35	37.50
100. Promoted Pioneer Preachers of the W.Va. Conference	87.50	90	87.50
101. State of Georgia Message of His Excellency Benjamin Conley - 1872	27.50	30	27.50
102. Diane Mississippi	17.50	25	25.93
103. People and Americans	17.50	20	22.85
104. At Home in the Hills A Cross Section of Harlan County Kentucky	25	35	47.25

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
105. Plumes of Song	17.50	25	33.07
106. Frenchmen and French Ways in the Mississippi Valley	50	40	51.80
107. The Last Monsoon	17.50	20	25.93
108. Songs of the South	37.50	40	48.97
109. Winning Isn't Everything	22.50	30	29.38
110. Petteran	20	25	37.80
111. Mitford Manor	32.50	20	32.50
112. Fitz - John Porter Speech of Hon J. D. Cameron of Pennsylvania in the U.S. Senate January 11, 1883	150	140	150
113. Personal Narratives of Events in the War of the Rebellion	75	80	77.70
114. Dogwood Winter Poems	25	35	25.90
115. Early Romances of Historic Natchez	37.50	30	38.85
116. John Walker Maury His Lineage and Life	87.50	30	87.50
117. Miss Betty of Bonnet Rock School	37.50	35	37.50
118. Compliments of Macon and Brunswick Railroad Macon, Georgia	37.50	30	37.50
119. The Land of the Sky or Adventures in Mountain By-Ways	37.50	45	37.50
120. Side Lights on the Battle of New Orleans	17.50	30	34.98
121. America At Home	60	45	88.92
122. Address Delivered on October 19, 1854 By Coleman Yellott, Esq. Upon the Occasion of the Laying of the Cornerstone of the Court House of Baltimore County At Towsontown 1854	37.50	40	40.50

TITLE	PRICE	ESTIMATED VALUE	ADJUSTED PRICE (1985 Dollars)
123. The End of Singing	50	40	51.80
124. Standard History of New Orleans Louisiana	250	175	250

SAMPLE TOTALS	\$ 4,733	\$ 4,420	\$ 5,658
SAMPLE MEANS	\$38.169	\$35.645	\$45.629

Projections for Total Collection:

Price	\$462,302	±	68,484
Estimated Value:	\$431,173	±	52,282
Adjusted Price: (1985 Dollars)	\$552,634	±	70,312

APPENDIX D

REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS



Walter J. Kucharski, Auditor

Commonwealth of Virginia

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23210

May 5, 1987

The Honorable Gerald L. Baliles
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Hunter B. Andrews
Chairman, Joint Legislative
Audit and Review Commission
General Assembly Building
Richmond, Virginia

Gentlemen:

At the request of the Director of the Joint Legislative Audit and Review Commission (JLARC), we conducted a special review of certain employee leave policies and practices of the Alderman Library Rare Books Department of the University of Virginia. Our purpose was to review the internal controls instituted by the Department with respect to employee leave earned and taken and to determine the validity of allegations that Departmental employees were not properly reporting all absences from work. The accompanying report is comprised of four sections: Background, Scope of Review, Findings, and Recommendations to Management.

In our review, we identified a weakness in the internal controls of the Alderman Library Rare Books Department of the University of Virginia with respect to employee leave practices; our recommendation related to this weakness is found on page 5 of this report. The review also uncovered documentation in support of the allegations that certain employees of the Rare Books Department were not properly reporting all absences from work. We identified discrepancies in the reported leave of four Departmental employees ranging from 8 to 176 hours per individual during the period from January 1, 1985, through February 28, 1987.

After consideration of the nature of the discrepancies and consultation with officials of the the Virginia State Police and the Joint Legislative Audit and Review Commission, we have reported the discrepancies identified in leave reported by employees of the Alderman Library Rare Books Department to officials of the University of Virginia to enable the appropriate administrative actions to be taken.

Sincerely,

Handwritten signature of Walter J. Kucharski in cursive script.

AUDITOR OF PUBLIC ACCOUNTS

WJK:LAJ

BACKGROUND

On February 26, 1987, Mr. Philip A. Leone, Director of the Joint Legislative Audit and Review Commission, notified us that allegations had been made that an employee of the Alderman Library Rare Books Department of the University of Virginia had been taking "significantly more leave than he had accumulated." He supplied us with copies of support supplied by the individual making the allegations and requested that we undertake an investigation of the matter.

Employees of the Rare Books Department include six members of the University's general faculty. University leave policies for the typical general faculty member allow a specified number of days of leave per year and provide for no carry-over of unused leave at year-end. During the period covered by our review, leave practices for the general faculty members of the Rare Books Department were governed by the leave policy for Library faculty members approved by the University's Board of Visitors on March 25, 1976. In accordance with this policy, annual leave is earned by each faculty member at the rate of 15 hours per month, and sick leave is earned at 14 hours per month. Unused balances at year-end do not lapse but are carried forward to the next year. Each employee of the Department submitted a monthly leave and work report indicating the amount of leave taken each day during the month. These reports were used to calculate employee leave balances and constitute the official leave records of the Department.

SCOPE OF REVIEW

The procedures outlined below were utilized to perform this special review:

1. We obtained the monthly leave and work reports for all employees of the Rare Books Department for the period from January 1, 1985, through January 31, 1987. We selected a sample of Departmental employees and recomputed the leave balances based on the reports.
2. Support supplied by the individual making the allegations included a "diary" of the attendance of certain departmental employees. We attempted to reconcile absences reported on the "diary" with absences reported on the monthly leave and work reports.
3. We interviewed all employees of the Department who were present on March 5 and 6, 1987, the dates of our review. We inquired as to the application of employee leave practices and the possible existence of instances of unreported leave.
4. During our investigation, we learned of the existence of an additional source of documentation of employee leave taken: the desk calendar of the Department's secretary. On her calendar, the secretary recorded instances when employees were out of the office due to conferences, vacations, or illness. We compared this calendar to the monthly leave and work reports of each employee of the Department for the period from January 1, 1985, through February 28, 1987.

FINDINGS

We identified a weakness in the internal controls of the Alderman Library Rare Books Department of the University of Virginia with respect to employee leave practices; the employees' supervisor was not required to monitor employee attendance or approve employee leave reports. The review also uncovered support of the allegations that certain employees of the Rare Books Department were not properly reporting all absences from work. Our recommendations related to these findings are described below.

RECOMMENDATIONS TO MANAGEMENT

Require Supervisory Approval of Employee Leave Reports

During the period covered by our review, each employee of the Rare Books Department submitted a monthly leave and work report indicating the amount of leave taken each day during the month. These reports were used to calculate employee leave balances and constitute the official leave records of the Department. Library leave policies required neither the maintenance of regular forty-hour work weeks to enable the Department's general faculty members to earn leave nor the approval of leave reports by the employee's supervisor. Consequently, work attendance of Departmental employees was not being monitored, and the accuracy of leave reported was not verified by anyone other than the employee submitting the report.

Each employee's supervisor should determine regular working hours for each Library employee, including general faculty members who are required to accrue leave. Further, each employee's supervisor should regularly monitor the employee's attendance record to ensure that it is appropriate. Further, the supervisor should verify the accuracy of the monthly leave and work reports to ensure that all absences from work are properly reported; such verification should be documented on the leave reports by the supervisor's signature.

Pursue Appropriate Administrative Action With Respect to Leave Report Discrepancies

In addition to the monthly leave and work reports submitted by Departmental employees, the Department's secretary used her desk calendar to record instances when employees were out of the office due to conferences, vacations, or illness. During our investigation, we compared this calendar to the monthly leave and work reports of each employee of the Department for the period from January 1, 1985, through February 28, 1987. In performing this procedure, we identified discrepancies in the reported leave of four Departmental employees ranging from 8 to 176 hours per individual during the period from January 1, 1985, through February 28, 1987.

We have supplied officials of the University with copies of our work describing the discrepancies identified in leave reported by employees of the Alderman Library Rare Books Department. We recommend that the University consider these discrepancies carefully and initiate the administrative actions deemed appropriate in the circumstances.

APPENDIX E
AGENCY RESPONSE

As part of an extensive data validation process, each State agency involved in a JLARC review and evaluation effort is given the opportunity to comment on an exposure draft of the report. Included in this appendix is the formal response from the University of Virginia.

Appropriate technical corrections resulting from the written comments have been made in the final report. Page references in the agency response relate to the exposure draft and may not correspond to page numbers in the final report.

UNIVERSITY OF VIRGINIA
CHARLOTTESVILLE

OFFICE OF THE PRESIDENT

March 31, 1987

Mr. Philip A. Leone
Director
Joint Legislative Audit and
Review Commission
Suite 1100
General Assembly Building
Capitol Square
Richmond, Virginia 23219

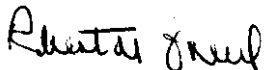
Dear Mr. Leone:

Enclosed is the University's response to the draft JLARC report dated March 19, 1987. In addition to the written response which places emphasis on the fourteen recommendations, Mr. Richard A. Kovatch has discussed with Mr. Jonas several areas which needed additional clarification or modification.

The University's Board of Visitors met last week. We provided a copy of the JLARC report to the members of the Audit Committee and the Committee met with members of the library staff, the Director of Materiel Management and others who have a role in responding to the JLARC recommendations. The Audit Committee discussed the report in detail and indicated their intentions to monitor our progress in responding to the report.

I, along with senior library and administrative officers of the University, will attend the JLARC meeting on April 8, 1987. We will be prepared to make comments on the JLARC findings and answer questions from the Committee. In the interim, please let me know if additional information is needed.

Very sincerely,



Robert M. O'Neil
President

RMO:ls

cc: Mr. Paul R. Gross
Mr. Raymond M. Haas
Mr. Ray C. Hunt, Jr.
Mr. Richard A. Kovatch

March 31, 1987

University of Virginia
Response to Recommendations in Report
From Joint Legislative Audit and Review Commission

Collection Development

Recommendation 1. University management concurs with the recommendation. Purchases for the Southeastern Americana Collection will be discontinued until criteria for this collection are developed. A committee will be formed of faculty with interests in the area of the Southeastern Americana Collection, library faculty, and representatives from the administrative staff. Written criteria for the collection will be developed as part of the project, already underway, to complete written collection development policies for all collections at the University.

The University believes that the Southeastern Americana collection does have research value, and will take steps to catalog the books as part of the Rare Books and General Library cataloging process.

Recommendation 2. University management concurs with the recommendation. The library has been developing written, detailed collection development policies for all collections of the University. These should be completed in October, 1987. Every policy statement is reviewed by appropriate academic faculty before it becomes the approved policy. The academic departments have library representatives who are also involved in this process.

Recommendation 3. University management concurs with the recommendation. The University Libraries Committee has been consulted in the past on a policy for the periodical collection, particularly duplication of periodicals. The President will charge the committee on a one-time basis to review library collection development policies, how they are formed, their impact on the present research mission of the University, and how they prepare the University for future programs.

Recommendation 4. University management concurs with the recommendation. Responsibility for the Southeastern Americana collection will no longer reside in one individual. The Collection Development department will be ultimately responsible for all Southeastern Americana acquisitions. If future books are selected for the Southeastern Americana collection, at the time of acquisition the decision will be made whether a volume belongs in Rare Books, within its collections and management, or whether it belongs in the general stacks collections. A volume for the rare books collections will be under the management of the Rare Books

University of Virginia Response to
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March 31, 1987

Department. A volume for the general stacks collections will be under the management of the Collections Development Department. This policy will take effect immediately.

Procurement Practices

Recommendation 5. University management does not fully concur with the recommendation. Because books are often available only at one point in time, we do not believe that the opportunity to purchase a book should be forgone because of a backlog in cataloging. However, the cataloging of the Southeastern Americana collection will be addressed. The Director of the Rare Book department is in the process of initiating a review of the Southeastern Americana collection to determine which volumes should be housed in the Rare Book department and which should be in the general stacks area. Once this determination is made, cataloging the books can be addressed by the responsible department.

Recommendation 6. University management concurs with the recommendation. Whether books are brought to us by dealers for our consideration or recommended to us by mail, ample time will be allowed for a careful evaluation to reach a decision for purchase.

Recommendation 7. University management concurs with the recommendation. The Library will negotiate prices for books and other items where feasible.

Recommendation 8. University management concurs with the recommendation. The purchasing systems in each of the University's libraries will be carefully reviewed. A person in each library will be selected to have overall responsibility for procurement and surplus property. These individuals will have a dual reporting relationship to the Director of Materiel Management, who is the University's procurement officer. The Director of Materiel Management will monitor the libraries' procurement activities and give direction to these individuals as appropriate.

Recommendation 9. University management concurs with the recommendation. The Virginia Public Procurement Act is the law. The University will comply with the law and all University libraries will comply with the law. With the exception of items being purchased for the collections, the libraries already are complying with the law.

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All sole source procurements which exceed \$500 will be carefully evaluated using a committee and a tiered review - i.e., the larger the expenditure, the higher the level of review. All special services, such as book scouting arrangements, will be secured according to the Virginia Public Procurement Act. All contracts for such services will be established for specific periods of time. No contracts will be continued indefinitely nor from year to year without careful review.

All purchasing systems will be routinely monitored and periodically audited.

Effective April 10, 1987, responsibility for procurement of all materials for the University Library collections, including those in the Rare Books Department, is being assigned to the Director of Collection Development, as the individual with a "dotted line reporting relationship" to the Director of Materiel Management.

Budget and Expenditure Practices

Recommendation 10. Management concurs. All library purchases, including those for the Southeastern Americana collection will be based upon development collection criteria and the budget established for each collection. Senior management of the library, as well as the Vice President and Provost, will be provided with annual reports detailing the number of volumes purchased and the dollar value of acquisitions that year for each collection.

All funds appropriated to the University will be expended on a basis consistent with the Appropriation Act. Appropriations which are in excess of program requirements will be returned to the General Fund of the Commonwealth in accordance with established state policy and procedure.

Recommendation 11. University management concurs with the recommendation. The Library has ceased the practice of using undated vendor invoices.

Other Recommendations

Recommendation 12. University management concurs with the recommendation. The Library will no longer use dealer shelves and will dispose of surplus books in accordance with applicable policies.

University of Virginia Response to
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Recommendation 13. Management concurs with the findings of the Auditor of Public Accounts. The University Library on March 16, 1987 instituted a new procedure for library faculty leave records which requires supervisory personnel to monitor and approve employee leave reports. This procedure has been approved by the University's Audit Department. However, the University Auditor found that the discrepancies in the leave reported by the Auditor of Public Accounts needed to be adjusted for the time worked by employees on Saturdays. After this adjustment, only two employees were found to have discrepancies in their leave balances. Both employees' leave balances will be adjusted for the discrepancies. The one employee who had a substantial discrepancy will be given a written reprimand.

Recommendation 14. University management concurs with the recommendation. The University will evaluate recently completed operational reviews of the University Library to confirm that previously identified recommendations have been appropriately implemented. As necessary, additional management studies will be undertaken to examine fiscal practices, chains of commands, organizational structure and functions, and management competency. The results of these reviews will be made available to the President and Vice President and Provost no later than September 1, 1987.

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