Follow-up Of
Library Inventory and
Collection Process

June 2016
Original audit report issued November 2014

Karen E. Rushing
Clerk of the Circuit Court and County Comptroller
Office of the Inspector General
Sarasota County, Florida
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AUDIT SERVICES

David Beirau, CFE, CIG, CIGA
Director of Internal Audit and Inspector General

Lead Auditor
William Bousman, CFE, CIGA
Internal Auditor/Investigator

Please address inquiries regarding this report to David Beirau, by e-mail at dbeirau@scgov.net or by telephone at (941) 861-5280. This and other reports prepared by the Office of the Inspector General are available at www.SarasotaClerk.com/Comptroller Services/Internal Audit.
SUMMARY AND RESULTS

Background

The purpose of the November 2014 Audit of Library Inventory and Collection Process was to determine if internal controls related to the tracking and monitoring of the Department’s Library Collection (inventory) adequately safeguard the assets and if internal controls related to the processing and collection of overdue fees were in compliance with applicable rules, regulations, policies and procedures.

The original audit report concluded that the Sarasota County Libraries Department would benefit from:

- Displaying only items that are currently available on the online catalog.
- Performing a comprehensive physical inventory of the library collection.
- Monitoring status changes made to patron accounts.
- Reconciling daily deposits to receipts transactions in the library application.
- Reviewing the collection agency’s invoices before approving payment.
- Re-evaluating the contract with the current collection agency.
- Tracking and monitoring of outstanding fees due to the County.
- Strengthening procedures for authorizing, creating, and monitoring payment plans.
- Improving procedures for adjusting and waiving charges.
- Documenting a policy decision regarding the reporting of delinquent accounts to the credit bureau.
- Developing procedures to identify accounts deemed uncollectible and subsequently present them to the Board of County Commissioners to be written-off.

Objectives

The objectives of this follow-up audit were to evaluate the observations reported on the Library Inventory and Collection Process audit report, dated November, 2014 and subsequent corrective actions taken by responsible management. This was achieved by providing independent, objective analysis as well as reasonable assurance that the previous concerns have been addressed and appropriate corrective measures implemented.
To meet the objectives of the follow-up audit, the following procedures were performed:

- Performed inquiries of the Department personnel in various positions.
- Obtained an understanding of changes made to the Department’s Policies and Procedures since the original audit report date.
- Examined a sample of suppressed and un-suppressed items.
- Reviewed “Items Deleted Since Last Review” reports and corresponding management approvals.
- Examined a sample of daily reconciliations during August 2016.
- Reviewed the approval process for collection agency invoices.
- Assessed accounts previously on payment plans.
- Evaluated library fee adjustments and waivers between August 2015 and January 2016.
- Reviewed County Resolution No. 2015-182, *Fiscal Year 2015 Write-Off of Uncollectible Accounts* related to Libraries and Historical Resources.
**Overall Results**

Based on the results of our follow-up audit procedures, the department has addressed three (3) of the eleven (11) previous concerns and implemented appropriate corrective action on the conditions identified in the original audit report. Eight (8) recommendations from the original audit report have not been addressed sufficiently.

<table>
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<tr>
<th>Condition</th>
<th>Status</th>
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<tr>
<td>A. Display Library Items that are Expected to be Available</td>
<td>Closed</td>
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<td>B. Perform a Comprehensive Physical “Inventory” of the Library Collection</td>
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<td>H. Strengthen Procedures for Authorizing, Creating and Monitoring Payment Plans</td>
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<td>I. Improve Procedures for Adjusting and Waiving Charges</td>
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<td>J. Evaluate and Document Approved Collection Methods</td>
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<td>K. Comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable</td>
<td>Open/Partially Completed*</td>
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*Conditions C, D, G, J, and K remain outstanding as corrective actions were partially completed by the Libraries Department after the original audit. Corrective action is in process on the remaining portions of the management action plan. Conditions B, E, and I remain open as corrective action has not been completed.

Although eight (8) *Opportunities for Improvement* remain open or open/partially completed, this concludes the follow-up audit process as it relates to the Sarasota County Library Inventory and Collection Process.
OPEN CONDITIONS AND PENDING CORRECTIVE ACTION

Eight (8) of the eleven (11) conditions indentified in the original report remain open or open/partially completed and continue to require management attention.

B. Perform a Comprehensive Physical “Inventory” of the Library Collection

Current Status, Follow-Up Audit dated June 2016: During discussions with management, the auditor was notified that necessary measures in preparation of a comprehensive physical inventory are underway, which consists of ensuring the entire library collection is properly tagged. While preparing the library collection, management worked with the Procurement Department to issue a Request for Proposal (RFP), and on April 5, 2016, a RFP was issued to select a vendor to perform an inventory of the entire library collection. At the time of the follow-up audit, a comprehensive physical inventory has not been completed.

Original Audit Observation, Report dated November 2014: The Department’s collection of library items includes books, reference materials, electronic media, DVDs and other resources. The availability of items is tracked in the library application, which also populates the online catalog. The online catalog allows the public to search for items and provides an indication of the status of the items, including whether or not the items are “On Shelf” at a particular location. A core standard of the Florida Library Association states that “the library maintains a current collection of materials by deleting, each year, at least 5% of the total number of items available (as counted at the start of the fiscal year) and by adding each year a percentage to achieve desired levels.”

Performing physical inventories, which would involve checking the library items on the shelves against the application, provides the following benefits:

- Improves the accuracy of the application;
- Provides a basis to estimate loss rates and evaluate physical controls over the collection;
- Identifies locations and items most susceptible to loss;
- Provides a mechanism to replace or remove items from the catalog that the library may not otherwise be aware are missing;
- Facilitates the inspection and evaluation of the condition of materials that are on shelves.

Department personnel stated that such an inventory has not been performed on the library collection.
As part of this audit, items were selected from the Department listing that had a status of “On Shelf” for every location. A sample of 496 library items were selected for inventory, resulting in 6.45% of inventory that could not be located. Excluding the History Center, which we deemed to be an outlier since items are not checked out by patrons, 4.88% could not be located at the designated library. Extrapolated to the population of total on-shelf library items, there may be as many as 38,000 items unaccounted for. Based on average value, 38,000 items equates to $1,030,000. Appendix B summarizes the items tested and not found by location. Including items already identified as “Missing” per the Department schedule, Appendix A, the total items unaccounted for would be 53,000 with an approximate value of $1,360,000 ($1,030,000 + $330,000).

There were also items identified in the Department listing with unusual locations such as “None” and “Interlibrary Loans.” Additionally, several items in the application did not have titles.

**Original Recommendations, Report dated November 2014:** To ensure a reasonable level of accuracy of the online catalog and proper monitoring of inventory, the following procedures must be performed:

- Conduct physical inventory of all items;
- Make a policy decision to determine the acceptable rate of exceptions for unaccounted inventory;
- Moving forward, conduct a periodic inventory at all locations. A location that experiences a high loss rate may need counts conducted more often than a location that had very little adjustment as a result of the full inventory. A high loss rate in a particular area, such as DVDs, should be re-assessed for security and control efforts related to those high loss areas.

**Management Action Plan:**

A Request for Proposal was released by the Procurement Department. However, no bids were submitted. Library Management and Procurement have worked to revise the specifications of the Request for Proposal to increase the probability of receiving bids and the RFP is currently in Procurement waiting to be advertised for four weeks.

In addition, in the event the Request for Proposal process is unsuccessful, Library Management is exploring conducting the inventory in-house using library staff. This would require closing all of the Sarasota County Libraries for a minimum of 3 to 4 days to allow for the inventory of the approximately 938,000 items. A closure of all the libraries at the same time would be necessary as an inventory requires holding the collection static – both to determine what items are currently in the collection, and where they are located and it must remain static for time it then takes to conduct inventory based on the inventory snapshot.
C. Assess Security Controls Over User Access to the Library Application

Current Status, Follow-Up Audit dated June 2016: The auditor requested reports generated and reviewed by management between the dates of August 1, 2015 and January 31, 2016 for the following items:

- Items deleted since the last review,
- Review for unusual patterns by individual or location,
- Report of fees waived and individuals that entered the waivers, and
- Schedule of patron accounts in a status that will prevent the patron from being referred to the collection agency.

Management provided the “Items deleted since the last review” reports for the audit period. Upon review it was determined that the reports did not include the individuals that marked the items for deletion. Management stated that the library application is limited in its ability to track individuals that mark items for deletion. Although, this is a limitation of the application, the reports are still subjected to a thorough review process. That process includes a “review for unusual patterns by location” by each Library Manager, the Technical Services Supervisor, and the Public Services Manager. The Systems Administrator must obtain all approvals prior to deletion from the library application. Only the Systems Administrator deletes items from the system.

Management was unable to provide reports for the audit period for the “fees waived and individuals that entered the waivers”. The auditor determined that procedures for reviewing and monitoring fees waived have not been substantially modified since the original audit.

Management was unable to provide reports for the audit period for the “schedule of patron accounts in a status that will prevent the patron from being referred to the collection agency.” However, the auditor was able to review the most recent generated report and the emails that corresponded to the accounts on the generated report. It was determined that accounts in a status that prevents patrons from being referred to the collection agency is being monitored.

Original Audit Observation, Report dated November 2014: Department personnel at various levels and locations have broad access to the library application. This includes the ability to change the status of inventory items as well as make changes to patron accounts. This creates a risk that the status of an item could be changed inappropriately to conceal misappropriated library items. Patron accounts can also be changed by various levels of personnel creating a risk that accounts could be inappropriately placed into a status that prevent an account from being sent to the collection agency.

Currently, monitoring status changes of inventory and accounts is informal and would not likely detect erroneous modifications to items or accounts.
Original Recommendations, Report dated November 2014: To ensure that the status of items and patron accounts are appropriately controlled, the ability to perform sensitive changes must be limited. Additionally, the Department must ensure that status changes are reported to library management and monitored. Monitoring procedures should include documenting regular management reviews of the following information:

- Items deleted since the last review - This report should include the listing of all items deleted since the last time deleted items were reviewed, including the item number, title, and description, the date added to inventory, the date deleted, the individual that deleted the item, and notes explaining why the item was deleted.
- Review for unusual patterns by individual or location – This review should include, but not be limited to, including individuals or locations with higher than expected rates of deletion; items that have been added and deleted in the same year should also be performed.
- Report of fees waived and individuals that entered the waivers - This report should be reviewed on a regular basis by management evaluating individuals who have a pattern of waiving fees, and waivers that appear unusual.
- Schedule of patron accounts in a status that will prevent the patron account from being referred to the collection agency - This report should include account (card) numbers, addresses, account balances, the dates the accounts were put into the status, the individual who changed the status and any remarks explaining why the accounts were changed.

The Department was unable to provide the information described above for this audit.

Management Action Plan:

Management agrees with the recommendations. Standard Operating Procedures have been developed to ensure regular monitoring at the Branch Level and at the Management Level for items marked for deletion, fines waived review, and review of patrons in a non-collection status. Reviews are being completed at the Branch Level and reviewed monthly during Library Management Meetings.
D. Reconcile Daily Deposits to Transactions Recorded in the Library Application

Current Status, Follow-Up Audit dated June 2016: The Libraries department has strengthened their policies and procedures for cash handling by implementing daily reconciliation of amounts collected to amounts recorded within the application. The policies and procedures outline three roles, a cashier, a verifier, and a reconciler. At the end of each shift, the cashier is to separate the shift collections from the change fund, print a report for the cash activity and of all fines collected, prepare the daily deposit, and document any overages or shortages. At the end of the day the libraries manager/designee is required to sign the daily deposit reconciliations, to confirm that any discrepancies have been documented to their satisfaction.

Additionally, cash management training was held by the department on five (5) different dates between April 22, 2015 and July 1, 2015. A total of 132 Libraries employees were listed on the cash management training sign in sheets provided by the department. The cash management training presentation included handouts for staff and one of the training sessions was recorded to assist with training of new employees.

The auditor selected a random sample of ten (10) days from each of the eight (8) library locations that collect payments from patrons, from the month of August 2015. Of the 80 daily deposit reconciliations under review, the auditor identified issues relating to non-compliance with Policies and Procedures and Segregation of Duties:

Issues related to non-compliance

- Seven (7) instances where an individual had a shift as a cashier and also signed as the reconciler,
- Seven (7) instances where the manager/designee did not sign off on the reconciliation,
- Five (5) instances where an over/shortage occurred, but the cashier’s name was not included within the description of the Receipt for Deposit of County Funds form in accordance with Accounting Policies and Procedures, Chapter 9.6 Cash Over and Short, and
- Two (2) instances where an over/shortage occurred, but the over/shortage was not documented as an over/shortage on the Receipt for Deposit of County Funds form in accordance with Accounting Policies and Procedures, Chapter 9.6 Cash Over and Short.

Issues related to segregation of duties

- Six (6) instances where the manager/designee was signed off on by someone that had a register shift earlier on that day, and
- Two (2) instances where the same individual signed as both the reconciler and the manager/designee.
Although daily reconciliations are being routinely performed, there are still areas where policies and procedures are not being complied with and areas where controls related to segregation of duties could be enhanced.

**Original Audit Observation, Report dated November 2014:** The library locations collect payments for overdue fines, non-resident library card fees, replacement costs for damaged/unreturned items, donations and other miscellaneous items. Amounts collected at each location are submitted with a daily report from the application detailing the receipts. The amounts remitted may be different from the amounts recorded in the application. These differences are not reconciled as part of the cash receipt process.

It is important to balance the receipts of the day with the receipts in the application. This control helps to ensure that all activity is recorded properly and there are controls in place to safeguard County assets.

**Original Recommendations, Report dated November 2014:** To ensure all activity is recorded properly, library personnel at each location must be trained to “balance” the amounts received and submitted for deposit with what has been entered in the library application. Any differences must be documented and researched at the location prior to submitting the deposits and support. Amounts that cannot be reconciled should be regarded as an overage or shortage and handled in accordance with Accounting Policies and Procedures, Chapter 9.6 *Cash Over and Short*.

**Management Action Plan:**

Management agrees with the recommendations. The SOP for Cash Management has been revised to include the addition of the name of the cashier on the Receipt for Deposit of County Funds form in the instance of Cash Over and Short.

Each library staff member is required to complete both the Library Cash Management Training and the Clerk of Court Cash Management Training annually.

The Public Services Manager/ or Designee conducts cash management audits at each of the libraries periodically.
E. Review Invoices for the Collection Agency Fees before Approving Payment

Current Status, Follow-Up Audit dated June 2016: The auditor requested a list of all collection agency invoices that were approved between the dates of August 1, 2015 and January 31, 2016, and the corresponding monthly reconciliations. Upon reviewing the invoices and reconciliations provided, the auditor identified that a reconciliation is not being performed between the collection agency’s invoice and the Library department’s list of patrons submitted to the collection agency.

Original Audit Observation, Report dated November 2014: The collection agency that provides collection services to the County is compensated at a rate of $7.95 per account submitted. Monthly invoices from the agency reflect the number of accounts submitted and the resulting charge. The invoice is approved for payment without verifying the number of accounts submitted against the information in the library application. This creates a risk that erroneous amounts could be paid to the collection agency.

Original Recommendations, Report dated November 2014: To ensure that the invoices received from the collection agency are accurate prior to payment, a procedure must be designed and implemented to reconcile the billable accounts as recorded in the library application.

Management Action Plan:

Library Administration had developed a process for reviewing the number of accounts sent to the collection agency and comparing the number of accounts sent to the number of accounts billed by the agency. This was being completed monthly by the Budget Analyst in Library Administration based on information that was sent by the Library System Administrator. This audit follow up determined that the data being used to review against the invoice was actually notification from the Collection Agency on the number of accounts that Library Administration had sent and was not the actual data collected from the library application.

A Standard Operating Procedure has been developed to reconcile the information from the Library Management System that is transmitted to the agency against the invoices generated by the agency. These reconciliations will be reviewed monthly during Library Management Meetings Financial Review.
G. Improve Tracking and Monitoring of Outstanding Fees Due to the County

Current Status, Follow-Up Audit dated June 2016: The auditor requested and reviewed County Resolution No. 2015-182 and related supporting documentation, monthly reconciliations of collection agency invoices between August 2015 and January 2016, and management evaluation of internal and external collection processes against current industry standards.

Upon review of available information the auditor determined that the department is tracking amounts due to the department, including losses incurred related to unreturned items, and collection fees associated with the collection effort. Additionally, the department reviews amounts due and the age of the accounts receivable annually prior to the year end write-off of uncollectible accounts. The department has not performed a thorough evaluation of internal and external collection processes against current industry standards, however, the collection agency has been approved as a single source vendor.

The department is not periodically reconciling between the collection agency’s report of total accounts in collection to those identified within the library application as remaining in the collection process. Additionally, the department has not developed a written procedure and included it within the Policy and Procedure Manual.

Original Audit Observation, Report dated November 2014: Various efforts are made to encourage the return of over-due materials and the collection of associated fines. While collection procedures appear to have been consistently followed, the efforts rely heavily on the application and the collection agency. There is no formal monitoring of outstanding accounts. For example, a schedule of all past due account balances with the dates the amounts were assessed on the accounts was requested for this audit. A report with this information is not generated or reviewed.

Original Recommendations, Report dated November 2014: To ensure monitoring of outstanding accounts, the Department must perform the following procedures:

- Track amounts that are due to the Department, losses incurred related to unreturned items, and collection fees associated with the collection effort;
- Develop and implement a procedure to periodically reconcile the library application and reports obtained from the collection agency’s report;
- Regularly review an “aging” of amounts due to the Department. The report should include the amount due and length of time the balances have been outstanding;
- Evaluate internal and external collection processes against current industry standards.

Related recommendations are included in this report regarding waiving fees and establishing payment plans.
Management Action Plan:

In addition to the monthly reconciliation of accounts sent to the Collection Agency to the monthly invoice, Library Administration periodically conducts a sync report with the collection agency to determine that the agency and the library application have the same data on accounts in collection. This reconciles a report from the collection agency with a report from the library application for all accounts in collections. These are always performed before an upgrade to the Library Application. A Standard Operating Procedure has been developed for this process and will be included in the Policy and Procedure Manual.

The Collection Agency has been approved as a single source vendor, should this not be so in the future Library Administration will perform a thorough evaluation of internal and external collection processes against then current industry standards.

Because the outstanding accounts are constantly changing in the library management system, with accounts being paid, and new accounts rolling into overdue hourly, Library Administration runs a report on all outstanding items annually.
I. Improve Procedures for Adjusting and Waiving Charges

Current Status, Follow-Up Audit dated June 2016: The auditor was provided a report from the library application that included all waivers (10,807) and all adjustments (1,616) entered between the dates of August 1, 2015 and January 31, 2016. Of those, 7,516 waivers (or 69.5%) totaling $29,367.75 and 1,616 adjustments (or 100%) totaling $7,173.74, did not include a reason. The auditor determined that procedures for analyzing and monitoring waivers and adjustments of fees have not been substantially modified since the original audit.

Original Audit Observation, Report dated November 2014: The Procedure Manual provides that fines can be adjusted by circulation personnel for the following patron extenuating circumstances: illness, shut-in, nursing homes, retirement centers, volunteers, death, hospitalization, mentally challenged and bereavement. The Procedure Manual does not require the patron to provide documentation to substantiate the circumstances.

Of the 25 accounts selected for testing with waivers:

- 14 accounts did not have notes documenting the reason for waiver;
- 4 accounts had the reasons noted, however, the reasons were not consistent with the extenuating circumstances described in the Procedure Manual;
- 7 accounts had reasons noted that were consistent with the Procedure Manual.

Based on testing and inquiries of Department personnel, the employee granting the adjustment has discretion for the amount to waive. Adjustments are not formally reviewed or monitored by management. The current process creates a risk of inconsistent treatment of patrons and unsubstantiated write-off amounts owed to the County.

Original Recommendations, Report dated November 2014: In order to ensure consistent treatment of patrons and adequate documentation to support adjustments to amounts owed, the Department must re-evaluate its waiver standards and retrain the responsible designees regarding the waiving of fines. All waivers must be properly authorized and monitored for compliance.
**Management Action Plan:**

A Standard Operating Procedure has been developed for reviewing Fines Waived during the monthly Financial Review at the Library Management Team.

Training on the process at the Operations Team was conducted in April 2016 and the notes on the training were distributed to all staff.

The current automated system does not allow for selection of a reason under certain circumstances. For example: items returned during periods of time when the automated check-in system is not functioning are collected until the system resumes functioning. All the items are then run through the machine using an option that does not charge fees for the time that the machine was not functioning. Those items would all display as having “no reason” for being waived. The new Library Systems Administrator and the Technology Coordinator will work with the application’s vendor to seek to eliminate instances where the software prevents the selection of a reason for fine adjustment.

The Public Services Manager will follow up on the selection of each and every “Other” selection for a fine adjustment.
J. **Evaluate and Document Approved Collection Methods**

**Current Status, Follow-Up Audit dated June 2016:** During the May 8, 2015 Management Team Meeting, the department held a conference call with the vendor handling the collections process and discussed the possibility of reporting delinquent accounts to the credit bureau. Upon conclusion of the discussion, the managers unanimously voted to continue with the current agreement, which is to not send delinquent accounts to the credit bureau. However, this decision has not been documented within the department’s Policy and Procedure Manual.

**Original Audit Observation, Report dated November 2014:** When a patron’s account is referred to the collection agency, they attempt to collect the past due materials or fines for the department. If the agency is unsuccessful in obtaining the past due materials or fines for a period of 120 days, the collection agency offers the service to submit the patrons’ information to a credit bureau. However, during testing, the auditor determined that the department has requested that the collection agency not report to the credit bureau.

**Original Recommendations, Report dated November 2014:** A policy decision must be made regarding the reporting of delinquent accounts to the credit bureau. The decision must be documented in the Department’s policies and procedures.

**Management Action Plan:**

The decision will be documented in the department’s Policy and Procedure Manual.
K. Comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable

Current Status, Follow-Up Audit dated June 2016: The auditor reviewed the Office of Financial Management’s request to write-off uncollectible accounts receivable for the Library department and the approved County Resolution No. 2015-182. This resolution approved the department to write-off uncollectible accounts between fiscal years 1998 and 2013, totaling $1,619,368.73. This was the first time the department had submitted uncollectible accounts to be written off.

Although the department has complied with the Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable, written procedures for ensuring that this process is performed annually has not been documented within the department’s Policy and Procedure Manual.

Original Audit Observation, Report dated November 2014: Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable states “It is the responsibility of any business center that generates accounts receivable to enforce collections of the receivables and to submit uncollectible accounts to the Board of County Commissioners to be written-off”. The Department currently does not have any written procedures to identify accounts that should be considered uncollectible and then written-off.

There were 73,000 items with a value of $1,350,000 recorded in the library application as being “Billed” as well as numerous patron accounts with the collection agency that have not been collected on as of the end of the fieldwork. Department personnel indicated that accounts not paid off remain open at the collection agency and are never removed from the database.

Original Recommendations, Report dated November 2014: In order to ensure compliance with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable, the Department must develop written procedures to identify accounts that are uncollectible and subsequently present them to the Board of County Commissioners to be written-off. This procedure will allow for proper decision making and financial presentation.

Management Action Plan:

Library Administration will create a Standard Operating Procedure and include this in the Policy and Procedure manual.
A. Display Library Items that are Expected to be Available

Current Status, Follow-Up Audit dated June 2016: The department has developed and implemented a procedure to regularly suppress items with statuses that are not valuable for online viewing. This procedure also includes the un-suppression of items in the online catalog once they become available.

The auditor randomly selected ten (10) suppressed items and ten (10) unsuppressed items from populations provided by the Systems Administrator that included items suppressed and un-suppressed between the dates of March 4, 2016 and April 7, 2016. Results of the testing performed indicated that the procedures related to suppression of unavailable items and un-suppression of items that have become available, are functioning as intended.

To keep track of suppressed and un-suppressed items, the Systems Administrator maintains a Schedule of Frequency, which is a document that includes the action performed (suppression or un-suppression), the date performed, the file type, record status, the number of items located, the number of items suppressed, the number of items un-suppressed, and the person that performed the action. This schedule serves an important function, as it provides a summary of the items that were identified and suppressed or un-suppressed.

Original Audit Observation, Report dated November 2014: The public as well as patrons of the libraries are able to view items in the Library’s collection through the Library’s online catalog. The online catalog lists all items in the Library’s collection including items that are designated as “Missing” and items for which patrons have been “Billed” but not yet paid for by the patron. As a result, several items in the online catalog are not actually available to be checked out by patrons. Department personnel stated that the ability to see these items causes frustration for patrons who may be waiting for items to become available that may never be put back into circulation.

While there are managerial reasons to maintain the history of these items and the related accounts, only items available to patrons should be displayed in the online catalog.
**Original Recommendations, Report dated November 2014:** To ensure that the online catalog displays only items that are currently available, we recommend that the Department determine which statuses are not valuable for online viewing. For items that are not likely to become available again, a policy decision must be made on the best process to address these items, and thereby reduce patron frustration and avoid spending staff time responding to requests for such items.
F. Formalize Evaluation of Collection Services

Current Status, Follow-Up Audit dated June 2016: The Procurement Manual, Chapter 7.11.A, defines a Single Source vendor as “a procurement made without a competitive process due to the need for standardization, maintenance of warranty or other factors, even though other competitive sources may be available.” All Single Source procurement requests require the submission of a Single Source Request Form and is subject to review by the Procurement staff and approval by the Procurement Official. Approved Single Source requests remain valid for a period of twelve months.

The auditor obtained the Single Source Request Form approved by the Procurement Official on September 29, 2015. The justification for the single source request on the form states that, “This is the only collections agency which works exclusively with libraries and does not require the Library System to provide confidential information about patrons. Because of [the vendor’s] flexibility with the Library System’s patron and collection databases, complete privacy is maintained for patrons. [The vendor] does not collect title information”. Since patron confidentiality is a priority for management and the Single Source Request Form was approved by the Procurement Official, it appears that the use of this vendor is appropriate given the circumstances.

Original Audit Observation, Report dated November 2014: When a patron’s account reaches a value of $25 or more in overdue materials and fines combined, and the account has had this balance for more than 60 days, the account is referred to the collection agency. The Department has utilized the same collection agency for library collections services for more than 10 years.

The Department has deemed the collection agency a “single source” provider because of their ability to electronically receive account information directly from the library’s application. This allows library personnel to focus on other matters and incur minimal time related to past-due accounts once they are referred to the agency. While this may be a benefit, it does not necessarily mean that the current process continues to be the best option for the Department.

The current collection agency charges the Department based on a set rate per account, not based on an established success rate or percentage of amounts collected as seen in other industries. In addition, the Department does not verify the return on investment (ROI) from using the collection agency. ROI reports are provided by the collection agency illustrating the amounts recovered (Appendix C). The collection agency includes in the reports a “recovery total”. This total is made up of cash and material recovery as well as waived fines. The recovery rate should be compared to the Department’s expected recovery rates based on industry benchmarks.
Original Recommendations, Report dated November 2014: To ensure that appropriate procedures are put in place to monitor outstanding accounts, the success rate of the collection agency and the costs of collection efforts, a formal evaluation is recommended. The evaluation should consider:

- The services performed by other collection agencies and the associated costs in comparison to the current collection agency.
- Performance of collection duties by internal staff. Examples include sending collection letters, making phone calls, and searching for current addresses for returned letters.
H. **Strengthen Procedures for Authorizing, Creating and Monitoring Payment Plans**

**Current Status, Follow-Up Audit dated June 2016:** The Department adopted a formal policy to no longer allow patrons to pay for fines and materials over time. The auditor reviewed the information on file for the thirteen (13) prior patron accounts and determined that they were no longer extended a payment plan.

**Original Audit Observation, Report dated November 2014:** The Department does not have a formal policy for allowing patrons to pay for fines and materials over time. Practices vary by library location. Patrons can verbally request to establish a payment plan at any location. It is the discretion of library managers and supervisors at the location to grant a payment plan. There are no formal guidelines outlining the circumstances required to establish a payment plan, terms of repayment, and the process for establishing a payment plan for accounts sent to the collection agency. Current documentation of payment plan approval, including terms and rationale are entered as notes into the application at the time the plan is created. The detail in the notes varies as there is no standard requirement.

Once an account has been approved for a payment plan, the status of the account is changed resulting in the account not being referred to the collection agency. Formal monitoring to ensure that the patron is making the agreed upon payments is not performed. Informally, a member of the Department personnel periodically (approximately once a year) reviews payment plan accounts. This individual judgmentally determines which accounts will be referred to the collection agency based on the amount of time without any payment activity.

At the time of the audit, there were 13 patron accounts using payment plans for a total outstanding balance of $1,095. A schedule of payment plans entered into during the audit period could not be produced for this audit.
Original Recommendations, Report dated November 2014: Formal procedures for the authorization, creation and monitoring of payment plans are needed to ensure consistency across all locations. Procedures must address:

- When/if a payment plan is appropriate;
- Documentation to be obtained to support the payment plan decision;
- Who has the authority to approve a payment plan;
- Guidelines on the terms of payment plans;
- Documentation of the patron agreeing to the payment plan terms;
- Verification of payment plan status in the library application;
- Position(s) responsible for monthly monitoring of payment plans;
- Action steps taken when patrons do not adhere to the repayment schedule.
Following is the original *Audit of Library Inventory and Collection Process* dated November 2014.
Audit of Library Inventory and Collection Process

Jeanette L. Phillips, CPA, CGFO, CIG
Director of Internal Audit and Office of the Inspector General

Audit Team
David Beirau, CFE, CIGA
Manager of Audit Services

Kerkering, Barberio & Co.
Certified Public Accountants

November 2014
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### Executive Summary

- As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's Internal Audit Department and Office of the Inspector General conducted an audit of the Sarasota County Library inventory and collection process. At the same time, significant public interest in the operations of the library system has been expressed.

- Independent Auditor randomly sampled inventory of ten County Libraries.

- Independent Auditor reviewed the process for the collection of overdue fines.

- County records reflect an inventory of over 886 thousand items with approximately 776 thousand items on shelf and available to patrons.

- County records reflect an inventory value of $23.2 million with $21.1 million allocated to items on the shelf and available to the patrons.

- Florida Public Library Standards, adopted by the Florida Library Association indicate that libraries should maintain a current collection by:
  - “Deleting, each year, at least 5% of the total number of items available (as counted at the start of the fiscal year)”
  - “Adding each year a percentage to achieve the desired level of the organizations material requirements.”

- Payment Plans and waivers are provided to patrons.

- Surveys reflected that collection practices vary by community.

### Opportunities for Improvement

- Display library items in the online catalog that are expected to be available to the library patrons.

- Perform a comprehensive physical inventory of the Library collections. Sampling reflects there may be as many as 38,000 items unaccounted for with a value of $1.03 million. Evaluate cost-effective, risk based inventory procedures for future periods.

- Strengthen library application security.

- Reconcile deposits to the library application.

- Review collection agency invoices prior to payment approval.

- Evaluate outsourced collection services. 2013 records reflect recovery of $81,541. Of this amount, $26,231 was a cash collection. The difference is composed of a value assigned for materials recovery and the waiver of fees/fines by library personnel.

- Improve monitoring and reporting of amounts due to the County.

- Strengthen payment plan procedures.

- Implement processes to ensure compliance with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable.
Summary and Results

The Clerk of the Circuit Court and County Comptroller’s Internal Audit Department and Office of the Inspector General has completed an audit of the Sarasota County Libraries Department for the period of January through July 2014 and a physical inspection of inventory in August 2014. The audit was planned and conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to:

- Review internal controls for the handling and processing of Library materials (inventory) related to the inventory process and collection of items to ensure proper safeguarding of assets, and
- Review the process for collecting overdue fines and verify that the process complies with applicable rules, policies and procedures.

In support of the County’s mission to be the most livable and best managed community in the country, providing quality services, programs, and facilities that reflect the goals of the community, an audit of the Sarasota County Libraries Department (The Department) was conducted. The audit resulted in Opportunities for Improvement (page 9).

Background

The Department includes eight permanent locations, one temporary location and the History Center. Library administration is centralized at the County Administration Center, where new inventory, other than donations, is received and distributed. Their mission is to offer equal access to information, foster lifelong learning and inspire community engagement.

Inventory

The Department has a floating inventory system meaning that items can be returned to any location, not just the location where the items were originally checked out. As reported by the Department, there are approximately 900,000 items in the inventory application. The inventory application is software which contains all library inventory items as well as patron account information.

The Department utilizes an online catalog that is available for public viewing to determine the availability of inventory items. The online catalog provides detailed information for each item including the location of the items listed. The Department’s website can be found at https://www.scgov.net/library/Pages/default.aspx and the online catalog can be found at http://suncat.co.sarasota.fl.us.

Items that are currently available for patrons are generally listed in the inventory application as “On Shelf”. A schedule of items in the Library inventory application by status and value is included as Appendix A.
**Collecting Fines**

When library patrons do not return checked-out materials by their due date, per County Resolution 2009-231, overdue fines are assessed on the patrons’ accounts and efforts to have the materials returned are made as follows:

- An overdue fine of $0.25 is charged, per day, per item for books categorized as Adult, Young Adult, and Juvenile, Audio-Visual materials, excluding Videos and DVDs.

- An overdue fine for Videos and DVDs of $1.00 is charged per day, per item.

- Per the rates identified above, up to a maximum of $10 or 75% of the item cost, whichever is less can be charged to the patron accounts.

The Department’s library application is programmed to automatically email patrons a reminder notice three days before checked out materials are due back to the library. The application starts assessing the daily fine to patron accounts one day after an item is due. When a patron account has a balance of more than $10, the patron’s library card is suspended until the balance is brought below $10.

The Department utilizes the services of an agency that specializes in collection efforts designed for libraries. The collection agency’s application receives a report from the library application of account information for patron accounts that exceed $25 and are more than 60 days past due. According to the collection agency reports, since the Department has been utilizing their services, 25,105 accounts have been referred for collection through June 30, 2014. The credit reporting option is not utilized by the Sarasota County Library Department.

**Services Offered by Collection Agency***

<table>
<thead>
<tr>
<th>Day</th>
<th>Service Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Letter 1</td>
</tr>
<tr>
<td>22</td>
<td>Letter 2</td>
</tr>
<tr>
<td>36 - 49</td>
<td>Initial Placement Phone Call(s)</td>
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<tr>
<td>64</td>
<td>(Secondary Placement) Letter 4</td>
</tr>
<tr>
<td>78 - 91</td>
<td>Secondary Placement Phone Calls</td>
</tr>
<tr>
<td>120 - 151</td>
<td>Credit Reported</td>
</tr>
</tbody>
</table>

*The Library sends patron accounts to the Collection Agency that are delinquent after the accounts are 60 days past due.

If the collection efforts identified above are unsuccessful, no further efforts are made by the collection agency or the Department and the patron account remains suspended.
The library application reflects approximately 73,314 accounts as “Billed” totaling $1,353,578. This status appears to represent all materials and fees that have been overdue and not returned or paid dating back to 1998.

**Objectives, Scope and Methodology**

The objectives of this audit were to:

- Determine if internal controls related to the tracking and monitoring of the Department's Library Collection (inventory) adequately safeguard the assets.

- Determine if internal controls related to the processing and collection of overdue fees ensure compliance with applicable rules, regulations, policies and procedures.

To meet the objectives of the audit, the procedures performed included, but were not limited to, the following:

- Inquiries made of Department personnel in various positions and locations.


- Obtained an understanding of best practices through the review of the American Library Association website and materials, the Florida Library Association website and materials, prior audit reports, and discussions with library personnel at other government libraries within and outside of Florida.

- Obtained and analyzed inventory records provided by the Department.

- Reviewed correspondence with the collection agency describing collection services.

- Obtained and tested an account listing referred to the collection agency from January through July 2014.

- On-site procedures were performed at the eight permanent library locations, one temporary location and the History Center and included the following tests: 496 items listed in the inventory application and marked as “On Shelf” in the online catalog and traced to the physical item at the respective library location, See Appendix B for details. 172 items were selected from the shelves of the libraries and traced to the application and online catalog to ensure the items were properly recorded.

- Verified that a sample of 25 patron accounts that had amounts waived complied with procedures included in the Department’s Procedure Manual.

- Reviewed the information in the application for accounts that were placed in a status that would prevent them from being forwarded to the collection agency.

- Identified opportunities for improvement.
**Overall Results**

Based on the procedures performed, approximately 6.45% of the items identified in the application as being available at the library locations could not be located. When the History Center is excluded, as those items are not checked out by the patrons, the exception rate drops to 4.88%. Additionally, the auditor found weaknesses in the collection processes that require management’s attention. The *Opportunities for Improvement* section of this report discusses these results and recommendations in detail. The following summarizes the result of the audit:

- **Display Library Items that are expected to be Available** – The Department’s online catalog is accessible by the public and library patrons and identifies all items that are in the library collection, including items that are missing and unavailable. This has lead to confusion and frustration for patrons who expect items to be put back into circulation.

- **Perform a Comprehensive Physical “Inventory” of the Collection** – There has not been a full physical inventory of the items in the collection that current management can recall.
  
  - A sample of 496 library items were selected for inventory, resulting in 6.45% of inventory that could not be located. Excluding the History Center, which we deemed to be an outlier since items are not checked out by patrons, 23 items or 4.88% could not be located at the designated library. Extrapolated to the population of total on-shelf library items, there may be as many as 38,000 items unaccounted for. Based on average value, 38,000 items equates to $1,030,000.

- **Assess Security Controls Over User Access to the Library Application** – Library personnel have broad access to change the status of items in the application and there is no formal monitoring of these status changes. There is a risk that improper status changes could be made and not detected. For example, items could be listed as “Damaged” when they are actually checked out to a patron.

- **Reconcile Daily Deposits to Receipts Transactions in the Library Application** – Collections received, including payments for past due fines, are not reconciled to the daily cash receipts and to the amounts recorded in the application. Procedures are needed to ensure controls are in place to safeguard department assets and reduce the risk of misappropriation of these assets.

- **Review Invoices for the Collection Agency Fees before Approving Payment** – The collection agency invoices the County for their services provided. The Department does not verify the accuracy of the charges before approving the invoices for payment.

- **Formalize Evaluation of Collection Services** – The Department has maintained a contract with a collection agency for more than 10 years. The needs of the Department should be evaluated with all collection options to determine that the most effective and efficient process is being utilized.

- **Improve Tracking and Monitoring of Outstanding Fees Due to the County** – Department procedures to analyze and monitor the collection of overdue library materials and fines should be improved. Efforts rely heavily on the application and collection agency and there is a lack of formal monitoring of amounts owed to the County. Monitoring the
success of collection efforts are not performed. Monitoring allows the department to assess the quality of the third party’s performance over time.

- **Strengthen Procedures for Authorizing, Creating and Monitoring Payment Plans** – Department procedures allowing patrons to pay for materials and fines over an extended period of time, lack adequate control. Strengthening these procedures will allow the Department to eliminate ineffective, redundant or inefficient controls.

- **Improve Procedures for Adjusting and Waiving Charges** – Fines and other fees associated with unreturned items may be waived by various library personnel. Standard policy and procedures outlining this process are limited. Improving these procedures will allow the Department to eliminate ineffective, redundant or inefficient controls.

- **Evaluate and Document Approved Collection Methods** – The collection agency was advised by Department management not to use all available collection methods when attempting to obtain amounts due.

- **Comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable** – The policy states “It is the responsibility of any business center that generates accounts receivable to enforce collections of the receivables and to submit uncollectible accounts to the Board of County Commissioners to be written-off.” There are currently no procedures to determine uncollectible receivables and then write them off. This recommendation will keep the public and the Board of County Commissioners involved in the policy discussion.
Opportunities for Improvement

The audit disclosed that internal controls related to library operations should be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. Accordingly, the Opportunities for Improvement presented in this report may not be all-inclusive of areas where improvement may be needed. Observations and recommendations were made in the following areas:

A. Display Library Items that are Expected to be Available
B. Perform a Comprehensive Physical “Inventory” of the Library Collection
C. Assess Security Controls Over User Access to the Library Application
D. Reconcile Daily Deposits to Receipts Recorded in the Library Application
E. Review Invoices for the Collection Agency Fees before Approving Payment
F. Formalize Evaluation of Collection Services
G. Improve Tracking and Monitoring of Outstanding Fees Due to the County
H. Strengthen Procedures for Authorizing, Creating and Monitoring Payment Plans
I. Improve Procedures for Adjusting and Waiving Charges
J. Evaluate and Document Approved Collection Methods
K. Comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable

A. Display Library Items that are Expected to be Available

The Library’s online catalog is accessible by the public and Library patrons and identifies all items that are in the Library collection, including items that are missing and unavailable.

Observation

The public as well as patrons of the libraries are able to view items in the Library’s collection through the Library’s online catalog. The online catalog lists all items in the Library’s collection including items that are designated as “Missing” and items for which patrons have been “Billed” but not yet paid for by the patron. As a result, several items in the online catalog are not actually available to be checked out by patrons. Department personnel stated that the ability to see these items causes frustration for patrons who may be waiting for items to become available that may never be put back into circulation.

While there are managerial reasons to maintain the history of these items and the related accounts, only items available to patrons should be displayed in the online catalog.

Recommendation

To ensure that the online catalog displays only items that are currently available, we recommend that the Department determine which statuses are not valuable for online viewing. For items that are not likely to become available again, a policy decision must be made on the best process to address these items, and thereby reduce patron frustration and avoid spending staff time responding to requests for such items.
Management Response

Libraries staff advocated for implementation of this process and agrees with this recommendation to suppress unavailable items from catalog view. The first steps necessary to complete the process are underway. All steps will be implemented by December 31, 2014.

- Staff has developed a schedule of frequency for suppression of unavailable items based on practices of other libraries.
- Sample testing to ensure an error-free implementation has begun.
- Training for staff will occur at the December, 2014 Operations Team Meetings and at each library branch, as well as with Technical Services and Public Services teams.
- A Change Kit for the process will be distributed to staff, including a summary of FAQs/Answers.
- Following implementation, the Systems Administrator will be held responsible for generating monthly reports to ensure that all items that should be suppressed have been identified and suppressed.
B. Perform a Comprehensive Physical “Inventory” of the Library Collection

There has not been a full physical inventory of the items in the collection.

Observation

The Department’s collection of library items includes books, reference materials, electronic media, DVDs and other resources. The availability of items is tracked in the library application, which also populates the online catalog. The online catalog allows the public to search for items and provides an indication of the status of the items, including whether or not the items are “On Shelf” at a particular location. A core standard of the Florida Library Association states that “the library maintains a current collection of materials by deleting, each year, at least 5% of the total number of items available (as counted at the start of the fiscal year) and by adding each year a percentage to achieve desired levels.”

Performing physical inventories, which would involve checking the library items on the shelves against the application, provides the following benefits:

- Improves the accuracy of the application;
- Provides a basis to estimate loss rates and evaluate physical controls over the collection;
- Identifies locations and items most susceptible to loss;
- Provides a mechanism to replace or remove items from the catalog that the library may not otherwise be aware are missing;
- Facilitates the inspection and evaluation of the condition of materials that are on shelves.

Department personnel stated that such an inventory has not been performed on the library collection.

As part of this audit, items were selected from the Department listing that had a status of “On Shelf” for every location. A sample of 496 library items were selected for inventory, resulting in 6.45% of inventory that could not be located. Excluding the History Center, which we deemed to be an outlier since items are not checked out by patrons, 4.88% could not be located at the designated library. Extrapolated to the population of total on-shelf library items, there may be as many as 38,000 items unaccounted for. Based on average value, 38,000 items equates to $1,030,000. Appendix B summarizes the items tested and not found by location. Including items already identified as “Missing” per the Department schedule, Appendix A, the total items unaccounted for would be 53,000 with an approximate value of $1,360,000 ($1,030,000 + $330,000).

There were also items identified in the Department listing with unusual locations such as “None” and “Interlibrary Loans.” Additionally, several items in the application did not have titles.

Recommendation

To ensure a reasonable level of accuracy of the online catalog and proper monitoring of inventory, the following procedures must be performed:

- Conduct physical inventory of all items;
• Make a policy decision to determine the acceptable rate of exceptions for unaccounted inventory;

• Moving forward, conduct a periodic inventory at all locations. A location that experiences a high loss rate may need counts conducted more often than a location that had very little adjustment as a result of the full inventory. A high loss rate in a particular area, such as DVDs, should be re-assessed for security and control efforts related to those high loss areas.

Management Response

1) Libraries and Historical Resources Staff agree with this recommendation and will proceed to plan for a physical inventory of all items in the collection.

- The initial meeting to plan the inventory process is scheduled Tuesday, January 13, 2015. A project team representing the various business units will guide the implementation of the numerous steps necessary to conduct a full collection inventory in the manner least disruptive to library patrons. Since a comprehensive inventory has not previously been conducted, the project team will research best practices of libraries with collections of similar size and content, and those which use the same Library Management System (LMS).

- A standard practice when preparing for inventory includes an authority control review, which is already in process.

  Authority control refers to the formulation and recording of specific, authorized heading forms in catalog records. These headings are established in the NAF (National Authority File) which is used by the Library of Congress and any library participating in standard authority control, such as the Sarasota County Libraries.

- The collection inventory for Libraries and Historical Resources will be conducted in November, 2015.

2) Libraries and Historical Resources will adopt a policy identifying an acceptable rate of unaccounted inventory, based on the American Library Association (ALA) report citing an acceptable range of 4-8% of the collection. (. . “Based on the studies reported, there is a loss of .15% to 5% per year; or overall rates of 4-8% when an inventory or inventory sample is conducted periodically. Loss Rate – ALA Report).

The above policy will be reviewed by the Libraries and Historical Resources Management Team and adopted for inclusion in the Policy and Procedure Manual by the end of January, 2015.

Following policy adoption, the Systems Administrator will be held responsible for generating monthly reports to track the rate of exceptions for unaccounted inventory. The Libraries Director and Public Services Manager will be responsible for reviewing the reports to address unusual activity by location or item type.
3) Once the comprehensive inventory is completed, the inventory project team will be held responsible for managing the process to conduct periodic inventory sampling at all branches. Libraries and Historical Resources staff will continue to implement strategies to reduce loss rates.

- Surveillance cameras were installed in September, 2014 at Selby Library in the DVD collection area as a pilot to determine effectiveness in deterring theft.

- The system-wide weeding process will continue with annual, standardized de-selection of collection items, conducted at each branch.

- Staff has evaluated the relative pros and cons of placing collection items in secure areas. To promote self-service and for optimum use of staff resources this option is not feasible at this time.

Implementation for all steps above will be completed by December 31, 2015.
C. Assess Security Controls Over User Access to the Library Application

Department personnel have broad system access to make changes to the status of items in the application and there is no formal monitoring of key status changes.

Observation

Department personnel at various levels and locations have broad access to the library application. This includes the ability to change the status of inventory items as well as make changes to patron accounts. This creates a risk that the status of an item could be changed inappropriately to conceal misappropriated library items. Patron accounts can also be changed by various levels of personnel creating a risk that accounts could be inappropriately placed into a status that prevent an account from being sent to the collection agency.

Currently, monitoring status changes of inventory and accounts is informal and would not likely detect erroneous modifications to items or accounts.

Recommendation

To ensure that the status of items and patron accounts are appropriately controlled, the ability to perform sensitive changes must be limited. Additionally, the Department must ensure that status changes are reported to library management and monitored. Monitoring procedures should include documenting regular management reviews of the following information:

- **Items deleted since the last review** - This report should include the listing of all items deleted since the last time deleted items were reviewed, including the item number, title, and description, the date added to inventory, the date deleted, the individual that deleted the item, and notes explaining why the item was deleted.

- **Review for unusual patterns by individual or location** – This review should include, but not be limited to, including individuals or locations with higher than expected rates of deletion; items that have been added and deleted in the same year should also be performed.

- **Report of fees waived and individuals that entered the waivers** - This report should be reviewed on a regular basis by management evaluating individuals who have a pattern of waiving fees, and waivers that appear unusual.

- **Schedule of patron accounts in a status that will prevent the patron account from being referred to the collection agency** - This report should include account (card) numbers, addresses, account balances, the dates the accounts were put into the status, the individual who changed the status and any remarks explaining why the accounts were changed.

The Department was unable to provide the information described above for this audit.
Management Response

The Libraries System Administrator is the only employee with authority to delete items. The deletion process for each branch occurs following numerous internal checks and review by each library manager. Libraries and Historical Resources staff will implement an additional level of review by the Technical Services Supervisor and Public Services Manager prior to deletion of items.

To ensure all staff is familiar with the deletion and adjustment processes, the step-by-step summary used by the Systems Administrator for training will be included in the Policy and Procedure Manual. All procedures below will be implemented by April 30, 2015.

1) Items deleted since last review: The list of items marked for deletion will include the item number, title, description, date added to the catalog, date deleted, and the employee who marked the item for deletion. Standard reasons for deleted items are included for each item (for example, “damaged”). The list of items marked for deletion is currently reviewed by the library managers before the items are removed from the catalog. This review will be expanded to include the Technical Services Supervisor and the Public Services Manager.

2) Review for unusual patterns by individual or location: Each library manager currently reviews the marked for deletion list for unusual activity prior to deletion by the System Administrator. This review will be expanded to include and Technical Services Supervisor and the Public Services Manager.

3) Report fees waived: A report of fees waived will be generated monthly to be reviewed for unusual activity by each library manager, the Libraries Director and the Public Services Manager.

4) Schedule of patron accounts in a status that prevents collection: A report of patron accounts in a status that prevents collection will be generated monthly to be reviewed by each library manager, the Libraries Director and the Public Services Manager. The ability to change a patron account to a status that prevents collection will be limited to one Customer Services Representative II at each library branch; that employee serves as the Circulation Team lead.

The Circulation Operations Team will be held responsible for developing and conducting training for all Libraries and Libraries and Historical Resources staff on the process’ above, including information on the reports to be generated for review.
D. Reconcile Daily Deposits to Transactions Recorded in the Library Application

The Library locations collect receipts but do not reconcile the cash collected to the amounts recorded in the library application.

Observation

The library locations collect payments for overdue fines, non-resident library card fees, replacement costs for damaged/unreturned items, donations and other miscellaneous items. Amounts collected at each location are submitted with a daily report from the application detailing the receipts. The amounts remitted may be different from the amounts recorded in the application. These differences are not reconciled as part of the cash receipt process.

It is important to balance the receipts of the day with the receipts in the application. This control helps to ensure that all activity is recorded properly and there are controls in place to safeguard County assets.

Recommendation

To ensure all activity is recorded properly, library personnel at each location must be trained to “balance” the amounts received and submitted for deposit with what has been entered in the library application. Any differences must be documented and researched at the location prior to submitting the deposits and support. Amounts that cannot be reconciled should be regarded as an overage or shortage and handled in accordance with Accounting Policies and Procedures, Chapter 9.6 Cash Over and Short.

Management Response

During 2014, a procedure was implemented to reconcile daily cash register tapes with the Library Management System (LMS) database. This process is performed daily at each library branch. Documentation is then forwarded to Libraries Administration including a copy of the register tape, a screen shot of the daily close-out of the LMS database, and a Receipt for Deposit of County Funds Form. The Libraries Administration Budget Specialist is responsible for reviewing the documentation and following up with branch employees to document and resolve discrepancies.

An additional level of control for this procedure will be implemented by February 1, 2015 with a Daily Shift Report Form completed at the end of each cash register shift. When a discrepancy occurs between the cash register tape and LMS database close-out, the shift employee will be responsible for documenting cash amounts over or short for each shift in compliance with Accounting Policies and Procedures, Chapter 9.6 Cash Over and Short. Each library manager will review the Daily Shift Report Forms and sign, indicating verification of the information. The forms will be forwarded weekly to the Budget Specialist for branch-specific and system-wide review, as well as for follow-up to address discrepancies. The Libraries Director and Operations Manager will be responsible for monthly review of the documentation.

The Circulation Operations Team will be held responsible for conducting training with all employees responsible for cash management.
E. Review Invoices for the Collection Agency Fees before Approving Payment

The collection agency invoices the County for their services provided. The Department does not verify that the charges are accurate before approving the invoices for payment.

Observation

The collection agency that provides collection services to the County is compensated at a rate of $7.95 per account submitted. Monthly invoices from the agency reflect the number of accounts submitted and the resulting charge. The invoice is approved for payment without verifying the number of accounts submitted against the information in the library application. This creates a risk that erroneous amounts could be paid to the collection agency.

Recommendation

To ensure that the invoices received from the collection agency are accurate prior to payment, a procedure must be designed and implemented to reconcile the billable accounts as recorded in the library application.

Management Response

The Library Department has retroactively reviewed and reconciled the number of accounts submitted to the collection agency with the account which the Department was billed back to October 1, 2014. The Department will continue to perform these procedures moving forward. This process is completed by comparing the accounts reported to the collection agency by the libraries, against the collection agency monthly activity reports and the monthly invoices. The Libraries Budget Specialist and the System Administrator are responsible for reviewing these records.

To date there was no variance between the accounts reported from libraries to the collection agency, the agency’s activity reports and the monthly invoices.
F. Formalize Evaluation of Collection Services

The Department has maintained a contract with a collection agency for more than 10 years. The needs of the Department should be evaluated with all collection options to determine that the most effective and efficient process is being utilized.

Observation

When a patron's account reaches a value of $25 or more in overdue materials and fines combined, and the account has had this balance for more than 60 days, the account is referred to the collection agency. The Department has utilized the same collection agency for library collections services for more than 10 years.

The Department has deemed the collection agency a “single source” provider because of their ability to electronically receive account information directly from the library's application. This allows library personnel to focus on other matters and incur minimal time related to past-due accounts once they are referred to the agency. While this may be a benefit, it does not necessarily mean that the current process continues to be the best option for the Department.

The current collection agency charges the Department based on a set rate per account, not based on an established success rate or percentage of amounts collected as seen in other industries. In addition, the Department does not verify the return on investment (ROI) from using the collection agency. ROI reports are provided by the collection agency illustrating the amounts recovered (Appendix C). The collection agency includes in the reports a “recovery total”. This total is made up of cash and material recovery as well as waived fines. The recovery rate should be compared to the Department's expected recovery rates based on industry benchmarks.

Recommendation

To ensure that appropriate procedures are put in place to monitor outstanding accounts, the success rate of the collection agency and the costs of collection efforts, a formal evaluation is recommended. The evaluation should consider:

- The services performed by other collection agencies and the associated costs in comparison to the current collection agency.

- Performance of collection duties by internal staff. Examples include sending collection letters, making phone calls, and searching for current addresses for returned letters.
**Management Response**

Libraries Administration staff, with assistance from the Procurement Department, will undertake a process to address the two recommendations included above and implementation will be completed by July 31, 2015. The process will include evaluation of alternative options for collection of past due accounts, employing a service-delivery assessment tool that evaluates standard factors such as market strength, potential for savings and quality of service, with consideration of the potential impact on staff time and expense.

The Operations Manager and Budget Specialist will be held responsible for leading the effort to complete this evaluation with a recommendation to be presented to the Libraries Director and the Libraries and Historical Resources Management Team.
G. **Improve Tracking and Monitoring of Outstanding Fees Due to the County**

*Department procedures to analyze and monitor the collection of overdue materials and fines should be improved.*

**Observation**

Various efforts are made to encourage the return of over-due materials and the collection of associated fines. While collection procedures appear to have been consistently followed, the efforts rely heavily on the application and the collection agency. There is no formal monitoring of outstanding accounts. For example, a schedule of all past due account balances with the dates the amounts were assessed on the accounts was requested for this audit. A report with this information is not generated or reviewed.

**Recommendation**

To ensure monitoring of outstanding accounts, the Department must perform the following procedures:

- Track amounts that are due to the Department, losses incurred related to unreturned items, and collection fees associated with the collection effort;
- Develop and implement a procedure to periodically reconcile the library application and reports obtained from the collection agency’s report;
- Regularly review an “aging” of amounts due to the Department. The report should include the amount due and length of time the balances have been outstanding;
- Evaluate internal and external collection processes against current industry standards.

Related recommendations are included in this report regarding waiving fees and establishing payment plans.
Management Response

The Library Department has retroactively reviewed and reconciled the number of accounts submitted to the collection agency with the account which the Department was billed back to October 1, 2014. The Department will continue to perform these procedures moving forward. This process is completed by comparing the accounts reported to the collection agency by the libraries, against the collection agency monthly activity reports and the monthly invoices. The Libraries Budget Specialist and the System Administrator are responsible for reviewing these records.

As part of the year-end budget close-out procedure, Libraries staff will produce an annual report of losses from all unreturned items, including the amounts due and the length of time the balances have been outstanding (“aging”). This will be implemented in August, 2015.

Staff will conduct research of processes used by other libraries for collection of outstanding fees. The research will be included as part of the evaluation of collection agency services, with a recommendation submitted to the Libraries Director and Libraries and Historical Resources Management Team as described in Section F.
H. Strengthen Procedures for Authorizing, Creating and Monitoring Payment Plans

Department procedures allowing patrons to pay for materials and fines over an extended period of time lack adequate control.

Observation

The Department does not have a formal policy for allowing patrons to pay for fines and materials over time. Practices vary by library location. Patrons can verbally request to establish a payment plan at any location. It is the discretion of library managers and supervisors at the location to grant a payment plan. There are no formal guidelines outlining the circumstances required to establish a payment plan, terms of repayment, and the process for establishing a payment plan for accounts sent to the collection agency. Current documentation of payment plan approval, including terms and rationale are entered as notes into the application at the time the plan is created. The detail in the notes varies as there is no standard requirement.

Once an account has been approved for a payment plan, the status of the account is changed resulting in the account not being referred to the collection agency. Formal monitoring to ensure that the patron is making the agreed upon payments is not performed. Informally, a member of the Department personnel periodically (approximately once a year) reviews payment plan accounts. This individual judgmentally determines which accounts will be referred to the collection agency based on the amount of time without any payment activity.

At the time of the audit, there were 13 patron accounts using payment plans for a total outstanding balance of $1,095. A schedule of payment plans entered into during the audit period could not be produced for this audit.

Recommendation

Formal procedures for the authorization, creation and monitoring of payment plans are needed to ensure consistency across all locations. Procedures must address:

- When/if a payment plan is appropriate;
- Documentation to be obtained to support the payment plan decision;
- Who has the authority to approve a payment plan;
- Guidelines on the terms of payment plans;
- Documentation of the patron agreeing to the payment plan terms;
- Verification of payment plan status in the library application;
- Position(s) responsible for monthly monitoring of payment plans;
- Action steps taken when patrons do not adhere to the repayment schedule.
Management Response

Libraries Administration staff agrees with the recommendation to formalize the policy and procedures for the authorization, creation and monitoring of payment plans to ensure consistency at all branches. Implementation of the following corrective action will be completed by August 31, 2015.

The Libraries Circulation Operations Team will research standard practices of other libraries regarding acceptance of partial payment for fines and fees. Based on the results of the research, a proposal will be presented to the Libraries Director and the Libraries and Historical Resources Management Team, addressing the above procedures. A payment plan policy will be adopted and included in the Policy and Procedure Manual.

The Circulation Operations Team will be held responsible for conducting training at each library branch, as well as with Technical Services and Public Services teams.

While the research is conducted and prior to adoption of a formal policy and development of standard procedures, existing patron accounts with payment plans will be reviewed monthly by the Management Team liaison to the Circulation Operations Team. A monthly report of payment plan accounts will be submitted to the Libraries Director and Public Services Manager including the number of accounts, value of the outstanding fines and fees, date the payment plan was initiated and current status of account.
I. Improve Procedures for Adjusting and Waiving Charges

Fines and other fees associated with unreturned items may be waived by various personnel. Standard policy and procedures outlining this process are limited.

Observation

The Procedure Manual provides that fines can be adjusted by circulation personnel for the following patron extenuating circumstances: illness, shut-in, nursing homes, retirement centers, volunteers, death, hospitalization, mentally challenged and bereavement. The Procedure Manual does not require the patron to provide documentation to substantiate the circumstances.

Of the 25 accounts selected for testing with waivers:

- 14 accounts did not have notes documenting the reason for waiver;
- 4 accounts had the reasons noted, however, the reasons were not consistent with the extenuating circumstances described in the Procedure Manual;
- 7 accounts had reasons noted that were consistent with the Procedure Manual.

Based on testing and inquiries of Department personnel, the employee granting the adjustment has discretion for the amount to waive. Adjustments are not formally reviewed or monitored by management. The current process creates a risk of inconsistent treatment of patrons and unsubstantiated write-off amounts owed to the County.

Recommendation

In order to ensure consistent treatment of patrons and adequate documentation to support adjustments to amounts owed, the Department must re-evaluate its waiver standards and re-train the responsible designees regarding the waiving of fines. All waivers must be properly authorized and monitored for compliance.
Management Response

Libraries Administration agrees with the recommendation to formalize the policy and procedures for approved adjustment of fines in order to provide a standard, consistent approach by staff to patrons at all branches. As part of that change, the Policy and Procedure Manual will be updated immediately to reflect changes implemented in the categories of “extenuating circumstances” to exclude volunteers.

The Libraries Circulation Operations Team will research standard practices of other libraries regarding authority, procedures, and documentation for fine adjustment transactions. Based on the results of the research, a proposal will be presented to the Libraries Director and the Libraries and Historical Resources Management Team, addressing the above recommendations.

Once the changes are formalized within the Policy and Procedure Manual, the Circulation Operations Team will be held responsible for conducting training at each library branch, as well as with Technical Services and Public Services teams. The implementation will be completed by May 31, 2015.

While research is conducted, the monthly report of fees waived and individuals waiving fees described in Section C will be reviewed for unusual activity by each library manager, the Libraries Director and the Public Services Manager.
J. **Evaluate and Document Approved Collection Methods**

*There is no documentation instructing the collection agency not to report uncollectible balances to the credit bureau.*

**Observation**

When a patron’s account is referred to the collection agency, they attempt to collect the past due materials or fines for the department. If the agency is unsuccessful in obtaining the past due materials or fines for a period of 120 days, the collection agency offers the service to submit the patrons’ information to a credit bureau. However, during testing, the auditor determined that the department has requested that the collection agency not report to the credit bureau.

**Recommendation**

A policy decision must be made regarding the reporting of delinquent accounts to the credit bureau. The decision must be documented in the Department’s policies and procedures.

**Management Response**

Libraries Administration staff agrees with this recommendation. The Libraries Director will schedule a presentation by the collection agency to the Libraries and Historical Resources Management Team (including a representative of the Office of Financial Management) regarding the options for reporting delinquent accounts to credit bureaus.

The Libraries and Historical Resources Management Team will adopt a formal policy regarding the reporting of accounts, will document the decision in the Policy and Procedures Manual and distribute updated information to Libraries and Historical Resources employees. Implementation will be completed by April 30, 2015.
K. Comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable

Obtain approval to write-off uncollectible accounts to comply with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable.

Observation

Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable states “It is the responsibility of any business center that generates accounts receivable to enforce collections of the receivables and to submit uncollectible accounts to the Board of County Commissioners to be written-off”. The Department currently does not have any written procedures to identify accounts that should be considered uncollectible and then written-off.

There were 73,000 items with a value of $1,350,000 recorded in the library application as being “Billed” as well as numerous patron accounts with the collection agency that have not been collected on as of the end of the fieldwork. Department personnel indicated that accounts not paid off remain open at the collection agency and are never removed from the database.

Recommendation

In order to ensure compliance with Accounting Policies and Procedures, Chapter 9.10 Uncollectible Accounts Receivable, the Department must develop written procedures to identify accounts that are uncollectable and subsequently present them to the Board of County Commissioners to be written-off. This procedure will allow for proper decision making and financial presentation.

Management Response

Libraries Administration staff has reviewed Chapter 9.10 Uncollectible Accounts Receivable and agrees with this recommendation. The Libraries Director will schedule a meeting with the Director of the Office of Financial Management to review the process whereby the Department will submit uncollectible accounts to the Board of County Commissioners to be written-off.

The Libraries Director, Public Services Manager and Operations Manager will be held responsible for implementing the process to bring the Department into compliance with Chapter 9.10 during the next scheduled write-off cycle, including updating the Department Policy and Procedure Manual. Implementation will be completed by January 31, 2015.
# Appendix A: Schedule of Inventory Items by Status

The following table lists the number of items and dollar values assigned to each category of inventory as of June 2014. This includes all items that have been obtained through purchases or donation since the inventory application was implemented in 1998.

<table>
<thead>
<tr>
<th>Status</th>
<th>Number of Items</th>
<th>% of Total</th>
<th>Dollar Value Assigned</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>- On Shelf</td>
<td>776,447</td>
<td>87.60</td>
<td>$2,073,771.91</td>
<td>90.66</td>
</tr>
<tr>
<td>N Billed</td>
<td>73,314</td>
<td>8.27</td>
<td>$1,353,577.68</td>
<td>5.82</td>
</tr>
<tr>
<td>M Missing</td>
<td>15,238</td>
<td>1.72</td>
<td>$334,962.06</td>
<td>1.44</td>
</tr>
<tr>
<td>Q Deleted</td>
<td>9,044</td>
<td>1.02</td>
<td>$212,004.14</td>
<td>0.91</td>
</tr>
<tr>
<td>I On Hold Shelf</td>
<td>2,415</td>
<td>0</td>
<td>$62,898.04</td>
<td>0</td>
</tr>
<tr>
<td>O Library Use Only</td>
<td>3,953</td>
<td>0</td>
<td>$56,565.92</td>
<td>0</td>
</tr>
<tr>
<td>T In Transit</td>
<td>1,823</td>
<td>0</td>
<td>$45,394.33</td>
<td>0</td>
</tr>
<tr>
<td>D Mending</td>
<td>1,473</td>
<td>0</td>
<td>$34,105.18</td>
<td>0</td>
</tr>
<tr>
<td>F Ready Reference</td>
<td>227</td>
<td>0</td>
<td>$18,025.56</td>
<td>0</td>
</tr>
<tr>
<td>I In Process</td>
<td>525</td>
<td>0</td>
<td>$13,823.71</td>
<td>0</td>
</tr>
<tr>
<td>Y Youth Office</td>
<td>723</td>
<td>0</td>
<td>$11,367.03</td>
<td>0</td>
</tr>
<tr>
<td>L Limbo- Don’t Use</td>
<td>194</td>
<td>0</td>
<td>$5,251.52</td>
<td>0</td>
</tr>
<tr>
<td>Z Claims Returns</td>
<td>180</td>
<td>0</td>
<td>$3,688.96</td>
<td>0</td>
</tr>
<tr>
<td>K Workroom - In Repair</td>
<td>137</td>
<td>0</td>
<td>$3,310.03</td>
<td>0</td>
</tr>
<tr>
<td>X On Display</td>
<td>155</td>
<td>0</td>
<td>$3,120.59</td>
<td>0</td>
</tr>
<tr>
<td>G Tech Services</td>
<td>80</td>
<td>0</td>
<td>$2,813.37</td>
<td>0</td>
</tr>
<tr>
<td>U Program</td>
<td>109</td>
<td>0</td>
<td>$2,358.84</td>
<td>0</td>
</tr>
<tr>
<td>A AV Office</td>
<td>66</td>
<td>0</td>
<td>$1,883.80</td>
<td>0</td>
</tr>
<tr>
<td>R Reference Office</td>
<td>15</td>
<td>0</td>
<td>$1,508.73</td>
<td>0</td>
</tr>
<tr>
<td>$ Lost and Paid</td>
<td>77</td>
<td>0</td>
<td>$1,357.09</td>
<td>0</td>
</tr>
<tr>
<td>? On Order</td>
<td>65</td>
<td>0</td>
<td>$1,326.99</td>
<td>0</td>
</tr>
<tr>
<td># Damaged</td>
<td>30</td>
<td>0</td>
<td>$554.63</td>
<td>0</td>
</tr>
<tr>
<td>H Head Librarian’s Office</td>
<td>5</td>
<td>0</td>
<td>77.99</td>
<td>0</td>
</tr>
<tr>
<td>C Circ Office</td>
<td>1</td>
<td>0</td>
<td>74.99</td>
<td>0</td>
</tr>
<tr>
<td>V Music Archive</td>
<td>1</td>
<td>0</td>
<td>56.75</td>
<td>0</td>
</tr>
<tr>
<td>S On Search</td>
<td>2</td>
<td>0</td>
<td>42.95</td>
<td>0</td>
</tr>
<tr>
<td>W Order Pending</td>
<td>1</td>
<td>0</td>
<td>30.95</td>
<td>0</td>
</tr>
<tr>
<td>J Inventory- Being Inventoried</td>
<td>1</td>
<td>0</td>
<td>17.98</td>
<td>0</td>
</tr>
<tr>
<td>B At Bindery</td>
<td>1</td>
<td>0</td>
<td>15.00</td>
<td>0</td>
</tr>
<tr>
<td>E Storage</td>
<td>1</td>
<td>0</td>
<td>9.99</td>
<td>0</td>
</tr>
<tr>
<td>P Vendor Track</td>
<td>1</td>
<td>0</td>
<td>5.99</td>
<td>0</td>
</tr>
<tr>
<td>% Ill Returned</td>
<td>1</td>
<td>0</td>
<td>3.25</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>886,305</strong></td>
<td><strong>$ 23,244,005.95</strong></td>
<td><strong>$</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>
Item Status Codes

Bold statuses are not used.

A – AV Office – a separate room in which audio/visual equipment and items are kept
B – At Bindery – vendor that performs repair to books
C – Circ Office – items needed temporarily in the circulation department
D – Mending – an item currently being mended or waiting to be mended
E – Storage – temporarily stored away until needed (move of library, etc.)
F – Ready Reference – items kept near a reference desk giving quick access for staff
G – Tech Services – department in which new and donated items are entered into library database, processed and set into transit to libraries.
H – Head Librarian’s Office – item needed temporarily by library manager
I – In Process – new or donated items being processed by Tech Services prior to In Transit status
J – Inventory – temporary status for items being inventoried
K – Workroom – item currently being mended or processed or waiting to be mended or processed
L – Limbo Don’t Use – new/donated items sent from Tech Services to libraries that have not been located temporarily
M – Missing – items previously showing On Shelf that are being searched for on a regular basis
N – Billed – system status placed on items currently checked out to a patron and are 42 days past due date
O – Library Use Only – item specifically purchased for library staff use
P – Vendor Track – to differentiate between CLS, Tech Services and other vendors
Q – Deleted – items that have been queued for deletion performed exclusively by the System Administrator
R – Reference Office – items needed temporarily in the reference department
S – On Search – a system file of items to be searched with the status of Missing or Claims Return

T – In-Transit – items being couriered from one site to another either returning to the owning location or fulfilling a patron request

U – Program – item needed for an upcoming program for the public

V – Music Archive – items sent to Music Archives

W – Order Pending – used in conjunction with Vendor Track

X – On Display – item located somewhere in the library for the public to notice

Y – Youth Office – items needed temporarily in the youth department

Z – Claims Return – after three searches by staff for item when patron requested system search for item they claim they have returned

- On Shelf – system status for items checked in and either on its way to or currently found in its shelf location

# Damaged – item in need of repair, reordering or deletion

% Ill Returned – Interlibrary items that have been returned

$ Lost and Paid – system status placed on item paid for by patron

! On Holdshelf – system status placed on item awaiting patron reserve pickup

? On Order – items ordered but not received
Appendix B:
Inventory Testing Exceptions by Location

A sample of 496 items listed in the library application as being on shelf was selected for testing and traced to the actual item. The number of items not located is listed below by library location, as of August 2014.

<table>
<thead>
<tr>
<th>Location</th>
<th># of Items Tested</th>
<th># of Items Listed Not Located</th>
<th>Error Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elsie Quirk</td>
<td>35</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fruitville</td>
<td>80</td>
<td>3</td>
<td>3.75%</td>
</tr>
<tr>
<td>Gulf Gate</td>
<td>53</td>
<td>5</td>
<td>9.43%</td>
</tr>
<tr>
<td>History Center</td>
<td>25</td>
<td>9</td>
<td>36.00%</td>
</tr>
<tr>
<td>Frances T. Bourne Jacaranda</td>
<td>35</td>
<td>1</td>
<td>2.86%</td>
</tr>
<tr>
<td>North Port</td>
<td>53</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>North Sarasota</td>
<td>35</td>
<td>3</td>
<td>8.57%</td>
</tr>
<tr>
<td>Osprey</td>
<td>15</td>
<td>1</td>
<td>6.67%</td>
</tr>
<tr>
<td>Selby</td>
<td>110</td>
<td>8</td>
<td>7.27%</td>
</tr>
<tr>
<td>Venice</td>
<td>55</td>
<td>2</td>
<td>3.64%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>496</strong></td>
<td><strong>32</strong></td>
<td><strong>6.45%</strong></td>
</tr>
</tbody>
</table>
Appendix C:
Recovery Rates Reported by Collection Agency

The below table was provided by the collection agency. The report illustrates amounts recovered and waived after accounts were submitted to the collection agency for the years ended 2011, 2012 and 2013 and the six month period ended June 2014.

Cumulative Recovery:

Sarasota County Library System

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Submitted:</td>
<td>2,060</td>
<td>1,902</td>
<td>1,892</td>
<td>902</td>
</tr>
<tr>
<td>Dollars Submitted:</td>
<td>$223,630.08</td>
<td>$177,869.24</td>
<td>$196,267.78</td>
<td>$97,227.46</td>
</tr>
<tr>
<td>Cash Recovery:</td>
<td>$28,512.92</td>
<td>$23,265.48</td>
<td>$26,231.55</td>
<td>$13,462.49</td>
</tr>
<tr>
<td>Material Recovery:</td>
<td>$48,541.35</td>
<td>$39,685.55</td>
<td>$39,315.34</td>
<td>$20,508.22</td>
</tr>
<tr>
<td>Waives:</td>
<td>$12,316.71</td>
<td>$13,946.22</td>
<td>$15,994.44</td>
<td>$7,495.52</td>
</tr>
<tr>
<td>Recovery Total:</td>
<td>$89,370.98</td>
<td>$76,897.25</td>
<td>$81,541.33</td>
<td>$41,466.23</td>
</tr>
<tr>
<td>Total Invoice Amount:</td>
<td>$16,377.00</td>
<td>$15,120.90</td>
<td>$15,041.40</td>
<td>$7,170.90</td>
</tr>
<tr>
<td>Total ROI:</td>
<td>$5.46:1</td>
<td>$5.09:1</td>
<td>$5.42:1</td>
<td>$5.78:1</td>
</tr>
</tbody>
</table>