

SEMINOLE COUNTY

**REVIEW OF
SEMINOLE COUNTY PUBLIC LIBRARIES
LIMITED REVIEW OF FINES AND FEES**

REPORT NO. 010509

JANUARY 2009

Prepared by:
Internal Audit Division
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

January 5, 2009

The Honorable Bob Dallari
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached limited review of the Seminole County Public Libraries. The review focused on the fines and fees assessed the patrons.

The review found conditions that warrant management's attention. These conditions and management's corrective action plans are included in the report that follows. We believe the corrective action plans are responsive to the conditions noted.

I would like to personally thank the men and women of the Seminole County Public Libraries for their assistance throughout the course of this review. Their assistance was deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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SEMINOLE COUNTY
Department of Library Services
Seminole County Public Libraries

Limited Review of Fines and Fees

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed a limited review of fines and fees assessed by the Seminole County Public Libraries.

Purpose

The purpose of the review was to determine if the procedures for assessing and collecting fines are adequate and operating effectively.

Background

The Department of Library Services is responsible for managing five library facilities throughout Seminole County. The department collected approximately \$154,060.54 in fees and fines for the fiscal year ending September 30, 2008.

Scope of Work

This review focused on the following:

- a) Reviewed the collections recorded in County Finance records to determine the annual collections for the period ending September 30, 2008;
- b) Interviewed the director of Library Services to determine familiarity and compliance with internal procedures;
- c) Reviewed the library services fine and fee schedule to determine if the division had a process to assess the correct fines and fees;
- d) Reviewed the Operating Manual to assess the adequacy of county policy and for compliance with management directives; and,
- e) Reviewed accounts receivable to determine compliance with policy and to determine the financial impact of outstanding fines and fees.

The review was limited due to the lack of a formal management reporting system to identify the aging of accounts receivable and the actions being taken to collect the outstanding balances.

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Overall Evaluation

In our opinion, the department's system of accounting and administrative control is inadequate. Review of the outstanding accounts receivable indicates that management is not adequately monitoring the balances on customer accounts or the multiple number of accounts issued to patrons of the library.

The following issues require management attention:

- Non-compliance with Library Services Division policy and procedure regarding "suspending borrowing privileges"; and,
- Accounts receivable balances are not segregated by length of time overdue and accounts remitted to a collection agency.

Past due fines by branch for the period ending November 25, 2008 are as follows:

<u>Branch</u>	<u>Balance</u>
Central	\$1,485,638.41
East	\$ 169,670.06
North	\$ 143,908.28
Northwest	\$ 158,307.74
West	\$ 113,794.60

FINDING NO. 1

Non-compliance with Library Services Division policy and procedure regarding "suspending borrowing privileges".

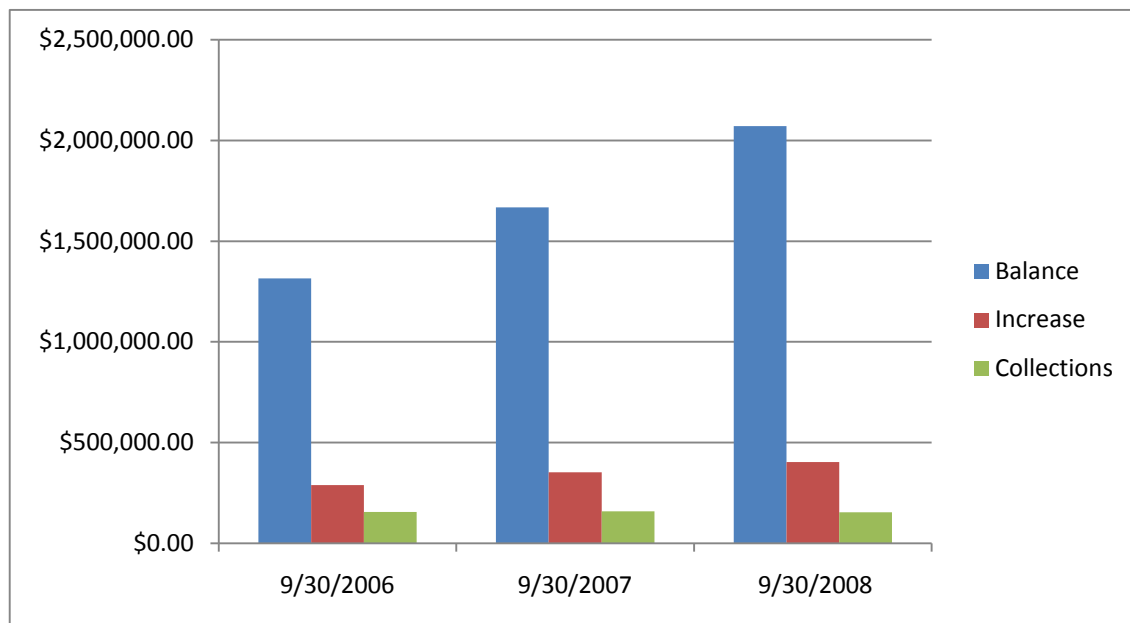
The Library Services Division has an established policy to prevent patrons from continuing to borrow library books with significant overdue balances owed to Seminole County. Specifically, Circulation Policies and Procedures, Page 1 of 1, second paragraph states the following:

"Fines and fees will be charged on overdue, damaged, and lost materials according to BCC Resolution 00-R-25 (see Fines and Fees Resolution). Borrowing privileges will be suspended until the customer's account balance is under \$25 in fines, fees, and lost material charges."

From the listing provided by the library services staff, the balance owed Seminole County by the patrons is \$2.1 million dollars as of November 25, 2008. The fines that are less than one year old are about \$319,000.00. \$1.8 million is over one year old and should, according to policy, have been turned over to a collection agency. We cannot tell from the data provided from Library Services how many accounts have been turned over to the collections agency as it is not the practice to adjust the accounts receivable listing.

In FY 2008, the fines receivable increased by \$380,000.00; fines collected for this same year was \$154,000.00, which means for every dollar in fines assessed the county collects only twenty-nine cents or a collection rate of only 29 percent. In other words, as each year passes, the county is getting further and further behind in its collections.

<u>Date</u>	<u>Balance</u>	<u>Increase</u>	<u>Collections</u>
9/30/2006	\$1,314,609.93	\$288,676.11	\$155,564.61
9/30/2007	\$1,667,604.83	\$352,994.90	\$158,975.89
9/30/2008	\$2,049,062.55	\$381,457.72	\$154,060.54



The listing shows extremely poor business practices on behalf of the county. Customers are simply not being monitored.

We have numerous examples of customers owing the county a relatively large sum of money:

- A patron is listed on the report as owing \$3,639.37;
- Another owes \$3,019.26;
- Another \$1,916.53;
- A fourth \$1,900.74;
- A fifth \$1,752.67;
- Another six owe between \$1,000.00 and \$1,500.00; and,
- 89 owe between \$500.00 and \$1,000.00.

According to the director of Library Services Division it is an on-going battle to keep some of the patrons from abusing their privileges. The system does not automatically shut off a patron's library services once it reaches the \$25 threshold. An ad hoc enforcement policy is inconsistent and potentially discriminatory.

Audit Recommendation

1. Revise library operating procedure to suspend borrowing privileges if a patron has an outstanding balance or has an item more than 20 days late.
2. Fines outstanding must be turned over to a collection agency in a timely manner.

Management Response

1. The library operating procedure will be revised to reflect the suspension of a patron's borrowing and Internet privileges if there is an outstanding balance.
2. With the implementation of the debt collection component of the library automation system, fines and fees will be kept up to date on a daily basis and accounts with the designated maximum balance cut-off will be reported to a collection agency weekly.

FINDING NO. 2

Accounts receivable balances are not segregated by length of time overdue and accounts remitted to a collection agency.

Internal Audit was provided the accounts receivable listing for all accounts overdue. This listing is not segregated by length of time overdue and the accounts remitted to a collection agency.

By not having a better defined report it is difficult for management to assess the true value of accounts receivable and to establish an appropriate value to be considered as un-collectable. We were able however to determine that of the \$2.1 million outstanding, \$1.8 million is for over one year old. Moreover, the County Finance Department and the year-end audit firm need to be provided good year-end accounts receivable numbers to be able to assess whether it is material enough to warrant inclusion in the year end Comprehensive Annual Financial Report (CAFR).

Audit Recommendation

1. Prepare an appropriate monthly aging report to evaluate the monies that can be reasonably expected to be collected.
2. Establish a bad debt policy that includes no additional cards be issued for any household that had a bad debt written off.

Management Response

1. With the implementation of the debt collection component of the library automation system, the library will prepare monthly aging reports of fines and fees.
2. The library cannot establish a bad debt policy that includes denying household members library service on the basis of one member of the household having had a bad debt written off. Under Florida Statute 257.261, Section 1 "Except in accordance with a proper judicial order, a person may not make known in any manner any information contained in records made confidential and exempt by this section...". It is against the law to access a patron's record without that patron's express consent therefore the library would be in violation of the law if they accessed other family member records if one person in the family had a balance on their account.

Audit Response

If a policy cannot be drafted that would conform with the parameters of the referenced statute, a "zero tolerance" policy should be adopted and implemented immediately. Such a policy would immediately restrict privileges upon the incurrence of any outstanding amount.