

**Library Operations Audit  
February 2013**

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# *Library Operations Audit*



Office of the City Auditor

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Report #12-05

February 22, 2013

## *Executive Summary*

*Fees are accurately  
calculated*

*Revenue is properly posted  
to Lawson*

*Materials acquisition and  
weeding processes are  
effective*

*Program development  
process is effective*

*Routinely plans for future  
changes in technology*

## *Opportunities for Improvement*

*Security of daily receipts  
and safe combinations*

*Documentation for waived  
fees*

*Delinquent account  
process and update  
procedures*

*eBook contracts and  
website access*

As part of the Fiscal Year 2012 Annual Audit Plan, the City Auditor's Office conducted an audit of the City of Arlington's Library operations. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The objective of the audit was to determine the effectiveness and efficiency of Library operations.

The City Auditor's Office noted that library fees are accurately calculated and the associated revenue is properly posted to the Lawson accounting system. The Library's materials acquisition and weeding process helps ensure that the library collection is in good condition and is relevant to citizens. Also, Library staff routinely researches technology developments and updates its departmental technology plan accordingly.

During the audit, the City Auditor's Office noted that cash handling procedures were not being followed. Daily receipts and branch safe combinations were not properly secured. In addition, reasons for waived fees were sometimes not documented.

The City Auditor's Office concluded that policy and procedural revisions are necessary to minimize the number of delinquent accounts, averaging approximately \$340,000 per year.

Contracts with eBook vendors require the City of Arlington to protect copyright laws. However, there is no disclaimer on the vendor's website to notify patrons

of this requirement. In addition, vendor websites cannot accommodate some access control and copyright protection requirements stated in the contracts.

These findings and recommendations are discussed in the Detailed Audit Findings section of this report.

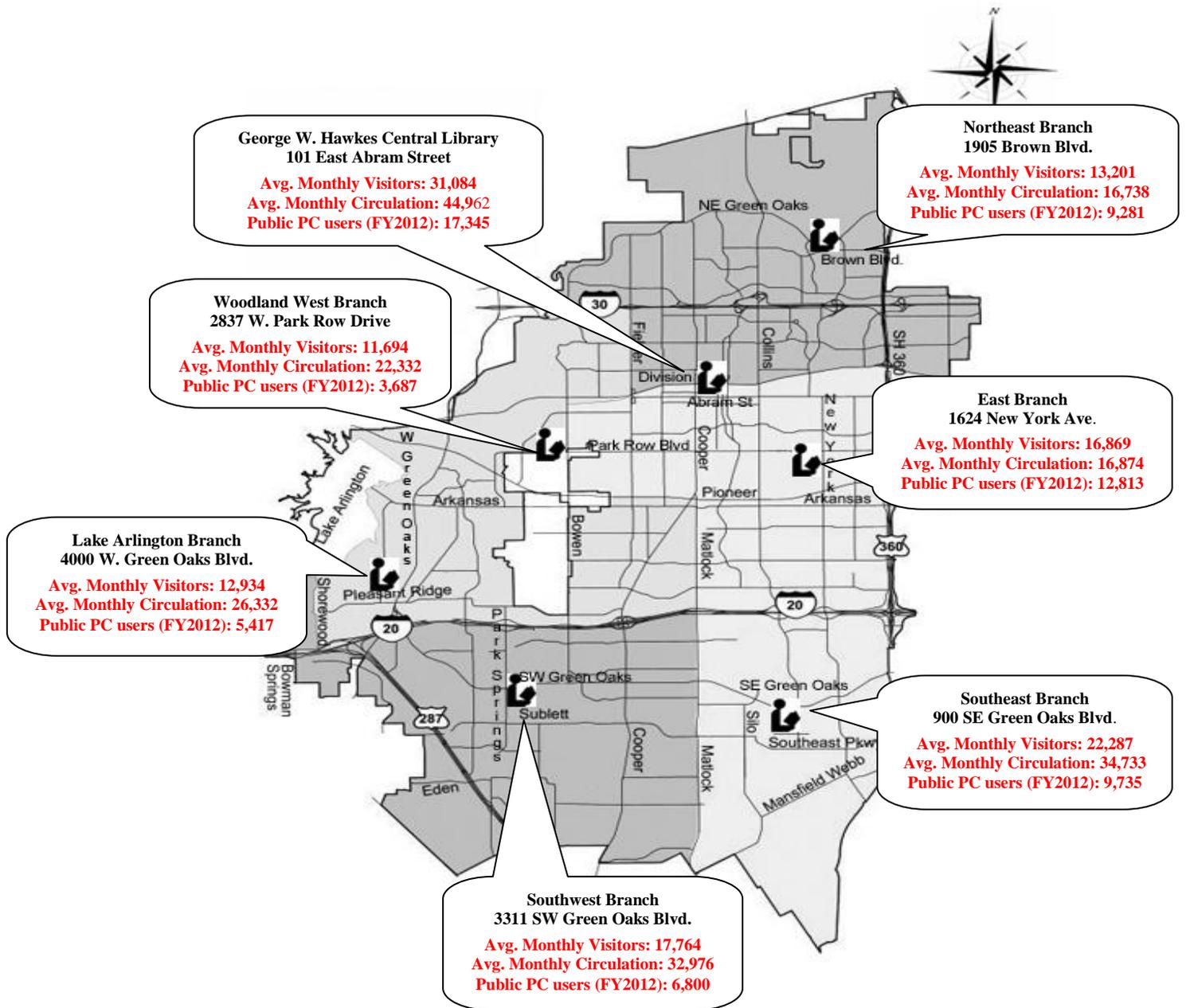
## ***Audit Scope and Methodology***

The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. The following methodology was used in completing the audit.

- Reviewed operating policies and procedures
- Reviewed enabling laws to ensure compliance
- Interviewed Library personnel
- Observed daily cash handling processes
- Reviewed financial transactions, including assessed fees, waived fees and refunds
- Tested Library portal security
- Surveyed other public libraries
- Verified the existence of and accountability for laptops and iPads
- Reviewed eBook contracts and vendor websites

## Background

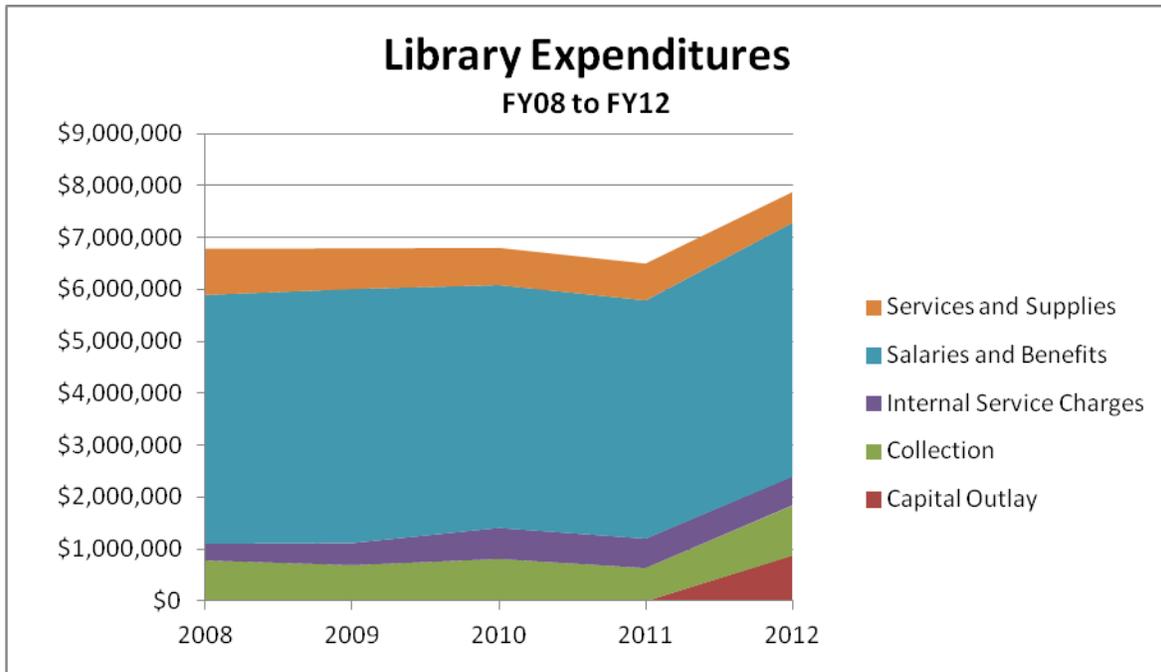
As shown on the following map, the Arlington Public Library currently consists of the George W. Hawkes Central Library and six branches.



NOTE: Average monthly totals represent a 21-month period (October 2010 – June 2012)

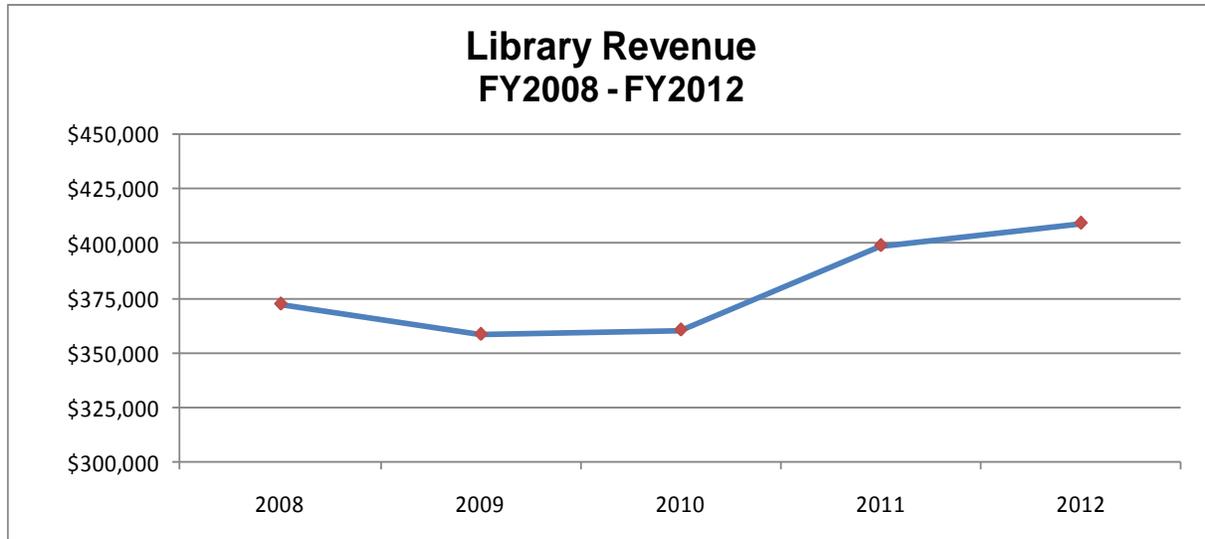
### Expenditures and Revenue

Library expenditures remained constant for fiscal years 2008 through 2011. The significant increase in expenditures for FY2012 is due to increases in one-time costs of \$232,000 for collection development, \$880,000 for facility repairs at the Southeast branch, as well as funding of \$145,000 for Library reorganization.



Source: Lawson

As noted on the following graph, revenues remained fairly constant from FY2008 through FY2010. However, revenue has increased over the past two years. The increase in FY2011 was due to a significant increase (\$36,938) in paid fines while the increase in FY2012 was due to an increase in copier concession revenue (\$9,611), the reinstatement of fees for library cards/non-residents (\$32,433) and a decrease in paid fines (\$31,402).



Source: Lawson

### *Staffing*

The library staffing level has decreased slightly over the past five years due to budgetary constraints, changes in the Library's business model and/or moving a regular full-time position from the General Fund to a grant fund. Over the past two years, the number of regular full-and part-time positions has remained constant at 68 and 44, respectively. However, the number of seasonal part-time positions decreased from 33 in FY2010 to 26 in FY2011 and 14 in FY2012.

### *Library Material Circulation*

The following two charts illustrate the Library's circulations, by category, over a six-year period from FY2006 through FY2011. Overall, circulations for adult materials and juvenile/young adult materials increased annually during the review period.

It should be noted that Library management considered eBook activity to be minimal during FY2009. eBook activity for FY2009 is therefore included in non-fiction totals.

Annual Circulation (Adult materials by category)													
	Total Circulation							Percentage Change					
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Adult Fiction	226,084	202,586	221,389	243,976	262,403	309,744	276,433	-10.4%	9.3%	10.2%	7.6%	18.0%	-10.8%
Videos	96,627	119,007	160,465	197,816	212,718	229,773	258,712	23.2%	34.8%	23.3%	7.5%	8.0%	12.6%
Adult Non-Fiction	203,504	200,389	210,817	224,494	232,025	254,152	227,963	-1.5%	5.2%	6.5%	3.4%	9.5%	-10.3%
Audiobooks	65,348	65,754	67,560	72,775	73,219	73,375	65,524	0.6%	2.7%	7.7%	0.6%	0.2%	-10.7%
Music	39,135	35,149	39,858	44,069	43,750	56,283	49,345	-10.2%	13.4%	10.6%	-0.7%	28.6%	-12.3%
Adult paperbacks	63,018	56,697	52,920	53,031	54,867	54,647	39,860	-10.0%	-6.7%	0.2%	3.5%	-0.4%	-27.1%
Large Print	12,898	16,136	18,618	21,750	22,320	30,399	28,408	25.1%	15.4%	16.8%	2.6%	36.2%	-6.5%
Adult Foreign Language	33,600	33,940	33,555	37,959	34,419	39,035	22,259	1.0%	-1.1%	13.1%	-9.3%	13.4%	-43.0%
Careers	13,012	11,851	19,656	11,705	14,742	10,769	9,394	-8.9%	65.9%	-40.5%	25.9%	-27.0%	-12.8%
Kits	3,223	3,805	5,055	4,614	4,178	3,670	3,982	18.1%	32.9%	-8.7%	-9.4%	-12.2%	8.5%
Braille						38	60						57.9%
Subtotal	756,449	745,314	829,893	912,189	954,641	1,061,885	981,940	-1.5%	11.3%	9.9%	4.7%	11.2%	-7.5%
NetLibrary eBooks *	n/a	n/a	n/a	n/a	7,889	4,645	2,615	n/a	n/a	n/a	n/a	-41.1%	-43.7%
Overdrive downloadable eBooks *	n/a	n/a	n/a	n/a	3,397	24,306	64,529	n/a	n/a	n/a	n/a	615.5%	165.5%
Downloadable AudioBooks *	n/a	n/a	n/a	n/a	14,867	20,754	28,658	n/a	n/a	n/a	n/a	39.6%	38.1%
Tumblebooks eBooks *	n/a	n/a	n/a	n/a	n/a	n/a	20,653	n/a	n/a	n/a	n/a	n/a	n/a
Tumblebooks AudioBooks *	n/a	n/a	n/a	n/a	n/a	n/a	1,089	n/a	n/a	n/a	n/a	n/a	n/a
<b>TOTAL CIRCULATION</b>	<b>756,449</b>	<b>745,314</b>	<b>829,893</b>	<b>912,189</b>	<b>980,794</b>	<b>1,111,590</b>	<b>1,099,484</b>	<b>-1.5%</b>	<b>11.3%</b>	<b>9.9%</b>	<b>7.5%</b>	<b>13.3%</b>	<b>-1.1%</b>

\* All electronic materials are circulated through the Central Library and are not separated by Adult/Young Adult/Juvenile  
The Library began offering electronic materials in December 2008. Usage was minimal during FY2009. Started tracking circulation separately in FY2010.

Source: Arlington Public Library

Annual Circulation (Juvenile/Young Adult materials by category)													
	Total Circulation							Percentage Change					
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Juvenile Picture books	228,735	232,285	255,651	294,717	299,501	312,292	274,529	1.6%	10.1%	15.3%	1.6%	4.3%	-12.1%
Juvenile Non-Fiction	137,730	138,093	143,759	165,726	164,137	176,651	166,741	0.3%	4.1%	15.3%	-1.0%	7.6%	-5.6%
Juvenile Fiction	93,500	101,512	109,111	100,685	134,799	137,800	140,692	8.6%	7.5%	-7.7%	33.9%	2.2%	2.1%
Readers	102,617	106,605	112,994	130,095	135,656	139,128	128,429	3.9%	6.0%	15.1%	4.3%	2.6%	-7.7%
Juvenile Videos	57,029	73,876	104,399	123,955	139,535	136,097	121,927	29.5%	41.3%	18.7%	12.6%	-2.5%	-10.4%
Juvenile Paperbacks	66,357	74,424	76,452	89,284	97,530	106,389	103,689	12.2%	2.7%	16.8%	9.2%	9.1%	-2.5%
Young Adult Fiction	33,675	44,542	52,471	72,114	86,320	94,399	91,700	32.3%	17.8%	37.4%	19.7%	9.4%	-2.9%
Juvenile Foreign Language	19,996	21,940	27,319	29,974	29,586	32,083	26,396	9.7%	24.5%	9.7%	-1.3%	8.4%	-17.7%
Juvenile Audiobooks/kits	22,002	18,411	19,324	20,739	19,456	19,736	15,909	-16.3%	5.0%	7.3%	-6.2%	1.4%	-19.4%
Juvenile Music	7,312	9,664	12,021	13,202	13,799	15,561	11,508	32.2%	24.4%	9.8%	4.5%	12.8%	-26.0%
Young Adult Non-fiction	10,751	9,426	10,354	10,459	10,520	10,817	9,104	-12.3%	9.8%	1.0%	0.6%	2.8%	-15.8%
Young Adult Paperbacks	9,282	9,268	9,732	10,969	10,288	8,074	4,382	-0.2%	5.0%	12.7%	-6.2%	-21.5%	-45.7%
Young Adult Foreign Language	42	61	61	225	258	186	222	45.2%	0.0%	268.9%	14.7%	-27.9%	19.4%
Juvenile Braille *	n/a	n/a	n/a	n/a	n/a	48	71	n/a	n/a	n/a	n/a	n/a	47.9%
Young Adult Braille *	n/a	n/a	n/a	n/a	n/a	2	6	n/a	n/a	n/a	n/a	n/a	200.0%
<b>TOTAL CIRCULATION</b>	<b>789,028</b>	<b>840,107</b>	<b>933,648</b>	<b>1,062,144</b>	<b>1,141,385</b>	<b>1,189,263</b>	<b>1,095,305</b>	<b>6.5%</b>	<b>11.1%</b>	<b>13.8%</b>	<b>7.5%</b>	<b>4.2%</b>	<b>-7.9%</b>

\* The Library did not acquire any Braille materials until FY2011.

Source: Arlington Public Library

The City of Arlington operates an automated library system (Polaris) for the efficient acquisition, cataloging, circulation and processing of library materials; maintenance of patron accounts; and access to online databases and other digital materials. In December 2010, the City of Arlington entered into an Interlocal Agreement for Shared Library Services with the Mansfield Public

Library in order to share the automated system and to share library collection services. The host computer is located at Arlington's Central Library for which the Mansfield Public Library has a link. Arlington residents have access to the Mansfield collection and Mansfield residents have access to the Arlington collection through a mutual on-line catalog. On weekdays, Arlington Public Library employees deliver and return borrowed materials.

The Arlington Public Library also operates the EnvisionWare software product. This product allows patrons to create computer reservations and pay for print jobs at public computer stations at any library. The reservation module of the software provides equitable access to the public computers by enforcing a time limit for each user when the computers are in high demand. The product also handles the process of managing the queue of customers waiting for a computer. The Arlington Public Library currently has 269 computers (35 of which are laptops) and 10 iPads that are available for use by the public.

The Arlington Public Library has provided its patrons access to electronic books (eBooks) and audio books since December 2008. eBooks are available to Arlington patrons through several vendor websites such as:

- EBSCO – eBooks at [www.ebscohost.com](http://www.ebscohost.com)
- Overdrive – eBooks and Audio books at [www.overdrive.com](http://www.overdrive.com)
- Recorded Books – Audio books at [www.oneclickdigital.com](http://www.oneclickdigital.com)

The Arlington Library pays the vendor a retainer fee, plus the cost of E- and audio book copies that are available for checkout.

## *Detailed Audit Findings*

### **1. Monies received for library services were not properly secured.**

The City of Arlington's Cash Handling Policy requires the following:

- *store cash in a safe and/or secure place until deposited; and*
- *during hours of operation, secure coins, currency, and checks to restricted access area, and never leave cash unattended.*

The Public Service Coordinator or supervisor-in-charge at each library branch prepares the daily deposit. However, the deposit is not properly secured prior to being picked up by the courier.

The City Auditor's Office noted that five of the seven libraries did not properly secure cash prior to being deposited. In each of the instances noted, funds were placed within a locked bank bag, inside a courier bag. However, the courier bags were not properly secured. Instead, courier bags were observed on the workroom floor, on a shelf in the workroom and/or hanging on the side of a shelf/desk. In addition to courier bags not being properly secured, keys to the courier and bank bags were not properly secured. Keys were observed hanging on the front of the safe, in an unlocked drawer, and in an unlocked key box.

Improperly secured cash receipts could lead to lost revenue due to patron and/or employee theft.

#### ***Recommendation:***

The Director of Libraries should ensure that all branch cash receipts are properly secured during and after hours of operation.

#### ***Management's Response:***

*Concur.* Revenue reports and daily deposits for the previous day of business are generally prepared each morning for delivery to Library Administration via the library courier run. Each deposit and report is placed inside a locked bank bag that is then placed into a locked courier bag along with other items for courier pick-up. The scheduled arrival of the library courier run varies depending upon where on the delivery schedule a particular library location sits. In some instances, it could be several hours between the completion of the deposit and the arrival of the courier, in other cases, just several minutes. The exact procedure has varied from branch to branch and even from staff member to staff member as to how the locked bank bag was secured until the courier arrived. The Central Library deposit was immediately hand-delivered to Library Administration upon completion, or placed in the locked safe on Saturday and Sunday for delivery on Monday. In the six branches, it was handled in one of four ways:

1. The locked deposit bag was placed in a locked safe until the courier arrived.

2. The locked deposit bag was placed in the locked courier bag in the manager's office until the courier arrived.
3. The locked deposit bag was placed in a locked courier bag that was left out in the staff work area until the courier arrived with the key left in the lock of the courier bag.
4. The locked deposit bag was placed in an unlocked courier bag that was left out in the staff work area until the courier arrived with the key nearby.

The maximum receipts at any one branch location never totals more than \$200.00 and often times is less than \$100.00 and the number of staff (or volunteers) having access to the funds while they might have been unsecured was limited. Upon recognizing the risk involved in not properly securing the daily receipts, staff have been directed to lock the locked bank-bag containing the completed deposit and revenue report within the safe located at each location. Upon the arrival of the library courier, the locked bank-bag with the deposit inside will be placed into the library courier bag itself then locked and passed on to the courier. All essential keys to bank bags, courier bags and office doors have also been secured within the safe at each location until needed. This process has been in place since December 1, 2012 and will be checked periodically by management to ensure it is implemented consistently.

*Target Date: December 1, 2012*

*Responsibility: Division Administrator - Operations & Facility Management*

## **2. Waived fees were not adequately documented.**

Library patrons are charged fees for various reasons (i.e. replacement cost, overdue item fees, processing fees, etc.). In many instances, these fees may be waived. For example, if a patron is billed for the replacement cost of an item, but then returns the item prior to payment, the replacement cost and processing fees are waived. Overdue fees may also be waived based on the patron's history (e.g., first-time occurrence). When fees are waived, it is good business practice to adequately document why the fee was waived. Such documentation provides justification for the waiver.

The City Auditor's Office reviewed a sample of fees waived during the month of April 2012. Within the sample of 50, there were eight (8) instances where fees were waived with no explanation noted. Although the Polaris software includes an area to document (in narrative form) the reason for the waiver, the area was left blank in each of these eight instances. Per Library management, employees did not follow established procedures which require that reasons be documented. Not documenting the reason for waiving fees could lead to fraudulent activity, without detection.

### ***Recommendation:***

The Director of Libraries should require (and enforce) that reasons for waived fees be properly documented within the Polaris software.

***Management's Response:***

*Concur.* Waives of fines and fees owed on a patron's account may be made for a number of valid reasons and codes have been created to identify those reasons. A daily report of fines and fees waived is produced and reviewed by the Supervisor in Charge of the building as they are preparing the deposit in order to ensure consistency with policy. Proper application of the correct codes has been identified as a training issue and the following plan is in place to ensure adequate training in the future:

- The Operations Division Team will review waive codes to ensure that information contained is adequate to explain a reasoning for waives. By the end of February 2013 the team will present recommendations for revised codes.
- The Operations Division Team will review training materials available for staff on when and how waives should be made, and how to properly document when a waive is made.
- The Public Services Coordinators who are charged with daily review of waives made by staff will ensure proper documentation has been entered. Upon determining that a waive is not correctly documented, the staff involved will be questioned in order to determine a reason and notes will be added to the patron's account. Staff will be retrained continuously in this procedure as needed.
- A Cash Handling SOP has been implemented that specifies the circumstances surrounding waives as follows:
  - No waives are made for charges for materials replacement costs or processing charges unless the items have been returned. Any decisions about otherwise waving replacement and processing charges due to valid explanations or disputes must be made either by the Operations Division Public Services Administrator or the Director of Libraries.
  - A cashier may waive fines or fees based upon valid explanations or disputes for up to \$5.00. Any amount higher than \$5.00 must be approved by a Public Services Coordinator or a shift Supervisor in Charge.
  - Proper documentation for all waives must be made in the notes field for each waived charge. Notes should be placed in the patrons account relating to any significant issues regarding large or frequent waives.
- Monthly reports will be produced by the Library's Business Administrator listing any waives that have been made without a reason code applied, as well as any variations to the operating principles listed above.

*Target Date: March 1, 2013*

*Responsibility: Division Administrator - Operations & Facilities Management  
Library Business Administrator*

### **3. Library policies and related controls do not adequately facilitate the reduction of delinquent library accounts.**

There are different classifications of types of materials which may be borrowed from the Arlington Public Library, each having its own standard replacement cost. The charge for lost or damaged materials is the actual price paid by the Library for the particular item plus a processing fee. If Library records do not include the actual price paid by the Library, the standard replacement cost (e.g., average cost of similar library materials) is charged plus a processing fee. Fines for overdue materials accumulate at the daily rate, but do not exceed the standard replacement cost of the item. Borrowers of library materials may provide replacement copies for lost or damaged items subject to approval by library staff. Also, refunds on books lost and paid for are made if the item is returned in good condition and within six (6) months of the date of payment.

As a courtesy, when items become three or more days overdue, the library will attempt to notify the borrower by phone or email. A billing notice is mailed when the item is 15 days overdue, and additional written notices are mailed if items remain outstanding. The frequency of these additional mailings is based upon the borrower's total outstanding balance. In January 2012, the Library sent mass emails to account holders with outstanding balances over \$10.00 but did not establish a regular procedure to routinely send emails to delinquent account holders. In October 2012, subsequent to audit fieldwork, the Library established a procedure to send monthly emails to delinquent account holders with outstanding balances over \$10.00.

Patrons with outstanding balances are allowed to enter into a payment plan with the Library. The patron must complete a Payment Plan Application form and must make a down-payment of 25% of the account balance. Library staff, along with the patron, will then determine the regular monthly payments that the patron can commit to making, with the understanding that the remaining balance must be paid-off within 12 months.

The Library's webpage indicates that when charges exceed the sum of \$300.00, actions for the collection of delinquent library fines and/or payment for library material not returned to the library may consist of the filing of a civil suit against the offender. It further states that in appropriate cases, criminal prosecution will be pursued by filing appropriate paperwork in the Tarrant County District Attorney's Office and/or the Arlington City Attorney's Office after investigation.

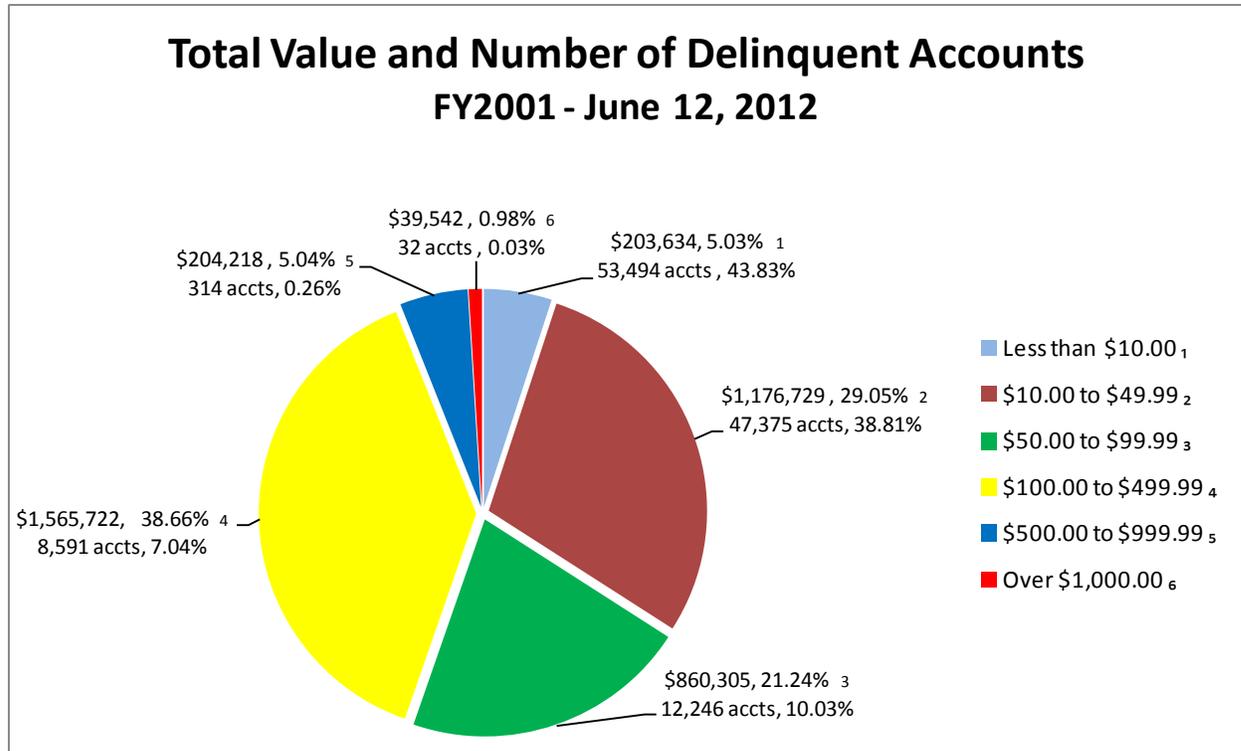
As noted in the following two charts, the City Auditor's Office identified 122,052 delinquent library accounts (from FY2001 through June 12, 2012) totaling \$4,050,150 (includes all of the fees shown). Since the total delinquency balance includes overdue charges, replacement fees, administrative charges and miscellaneous fees, the entire \$4,050,150 would not necessarily be collected. For example, the replacement cost and processing charges are waived when a library patron returns library materials, which results in only overdue charges being applicable. On the other hand, when a library patron pays the replacement cost of the materials, the overdue charges are waived, and only the replacement fees, administrative charges and collection fee are applicable.

Delinquent Library Accounts FY2001 - 6/12/12					
<u>Year</u>	<u>Overdue Charges</u>	<u>Replacement Fees</u>	<u>Processing Charges</u>	<u>Miscellaneous Fees</u>	<u>Total</u>
FY2001	\$85,060.63	\$19,949.00	\$6,233.00	\$1,374.90	\$112,617.53
FY2002	\$184,945.80	\$110,774.82	\$379.00	\$1,212.37	\$297,311.99
FY2003	\$197,183.49	\$126,551.97	\$277.00	\$437.40	\$324,449.86
FY2004	\$184,484.57	\$103,707.41	\$237.00	\$515.92	\$288,944.90
FY2005	\$211,837.58	\$126,896.12	\$331.00	\$707.74	\$339,772.44
FY2006	\$219,915.65	\$124,868.38	\$311.95	\$538.40	\$345,634.38
FY2007	\$225,951.19	\$132,618.34	\$4,115.00	\$860.40	\$363,544.93
FY2008	\$241,018.51	\$115,683.11	\$30,847.49	\$712.06	\$388,261.17
FY2009	\$297,348.10	\$137,406.40	\$38,399.95	\$1,072.47	\$474,226.92
FY2010	\$230,578.22	\$179,794.01	\$49,101.81	\$5,723.50	\$465,197.54
FY2011	\$169,614.56	\$135,732.43	\$37,741.01	\$13,830.87	\$356,918.87
FY2012 (to 6/12/12)	\$124,769.46	\$124,430.48	\$36,025.64	\$8,043.54	\$293,269.12
<b>TOTAL</b>	<b>\$2,372,707.76</b>	<b>\$1,438,412.47</b>	<b>\$203,999.85</b>	<b>\$35,029.57</b>	<b>\$4,050,149.65</b>
Total Number of Delinquent Accounts	122,052				

Source: Arlington Public Library

According to Library personnel, prior to 2010, patrons were allowed to check out a maximum of 25 items at one time. In 2010, the maximum was increased to 50 items. However, based on the chart above, the increase in the number of items a patron can check out at a time did not appear to have a negative impact on the amount of delinquencies. The delinquencies for FY2011 and FY2012 decreased from the previous years.

Library patrons with City of Arlington-issued library cards accounted for 120,920 or 99% of the delinquent accounts (valued at \$4,018,766), while patrons with City of Mansfield-issued library cards accounted for the remaining one percent or 1,132 of the delinquent accounts (valued at \$31,384). Arlington Public Library staff indicated that 755 patrons with City of Arlington-issued library cards account for approximately \$4,000 of the City of Mansfield's delinquent library accounts. The following chart summarizes the total number and dollar value of delinquent accounts, classified by the total amount owed.



Source: Arlington Public Library

The City Auditor's Office identified 829 patrons that had multiple delinquent library accounts totaling \$72,232.57.

- There were 634 patrons with a guardian and a non-guardian account. According to library management, this indicates that the person had an account as a minor (requiring a guardian) and obtained another account when they were of legal age.
- The remaining 195 patrons had no guardian listed on either account.
- The dollar value of these delinquent accounts ranged from \$1.75 to \$1,291.89.

As a part of this audit, the City Auditor's Office conducted a survey to identify ways in which other libraries handle delinquent accounts. Of the 15 municipal/county libraries surveyed, 10 responded as follows.

*Pursuing Delinquent Accounts* - All ten (10) respondents send reminders prior to the item being due, and send delinquency notices when the item becomes past due. Four (4) of the 10 libraries only send delinquency notices if the balance is above a certain amount. For the remaining libraries, the delinquent balance has no bearing on the number of notices sent.

Five of the 10 libraries take no additional action. However, the remaining five libraries pursue the delinquent account holder through the use of a collection agency.

*Write-Offs* - Four of the 10 libraries considered delinquent accounts uncollectable after a certain period. Two of these four libraries write-off the delinquent amount when deemed uncollectable.

The other two libraries retain information to ensure that the patron does not try to open another account.

The remaining six libraries always consider delinquent accounts collectible. Therefore, delinquent account information is retained within their system.

*Credit Bureau Reporting/Legal Action* - While none of the library respondents pursue legal action when delinquent accounts are not paid, four libraries responded that they report delinquent accounts to the three major credit reporting agencies.

The Arlington Public Library's mailing costs for delinquency notices average approximately \$300 per month. Since there is no process in place to associate payments received to delinquency notices mailed, the effectiveness of the City's delinquency notice process could not be determined.

***Recommendation:***

The Director of Libraries should enforce the policy that restricts delinquent account holders from obtaining a second library card, possibly through additional staff training.

***Management's Response:***

*Concur.* In the Library's automated circulation system there are patron accounts that are delinquent, i.e., expired accounts owing fines, or accounts not yet expired, but with a fine level at or above the \$10.00 threshold for library usage. In some instances, it was found that patrons with delinquent accounts had been allowed to apply for an additional account. As a result, patrons could continue to check out materials and accrue additional fines and fees. Often this occurred when a patron already having a library card applied online for a card and the duplicate check process was not conducted, as it should have been. In other cases, the patron may have had a first and last name that is shared by as many as 20-30 other library patrons and the duplicate check process was not conducted as effectively as it should have been. In both cases, additional staff training is called for in order to remedy the problem. In addition, a new system upgrade has provided an additional automated way of increasing the effectiveness of the duplicate check process.

- Beginning in February 2013 the Operations Team will initiate training sessions both one on one, and during staff meetings to review the process for checking the system for accounts already on file when processing a new library card application. By the end of March 2013 every staff member will have gone through at least one review session.
- Beginning in February 2013 the Operations Team will review the quality control process for library card applications to ensure staff members reviewing quality control for all library card applications are thoroughly checking the system for duplicate accounts.
- On February 14, 2013 a new software system feature was activated that automatically performs a duplicate check on the driver's license field of the record. As a result, when a staff member is adding a patron record and the

driver's license number entered matches the driver's license number of an existing record, the staff member will be notified of the match. This will assist with patrons who apply for a card in-person but staff attention will still be required when verifying online applications.

*Target Date: April 1, 2013*

*Responsibility: Division Administrator - Operations & Facility Management*

***Recommendation:***

The Director of Libraries should conduct a cost/benefit analysis regarding the cost effectiveness for mailing notices to patrons with delinquent library accounts.

***Management's Response:***

*Concur.* The circulation account database sends out automated reminder notices to the customer based on their account notification selection (telephone, email, text-message) at the following intervals:

- three days before an item is due;
- 15 days after it is overdue, and
- 30 days after it is overdue.

Once the item is 45 days past due the billing and collection letter process starts.

Currently all billing notices are mailed. A billing notice informs the customer of any items checked out on the account that are overdue 45 days (long overdue.) The replacement cost is listed but includes a note that if the item is returned in good condition the replacement cost will be waived and only the overdue fines will be payable.

After the item is billed, collection letters are sent out under the return address of the City Attorney's Office at specified intervals for all accounts over \$50.00.

The collection letters can be sent in the following ways:

- via email, if an email is available in the account;
- if the email is rejected after being sent, then the letter is mailed; and
- if there is not an email listed on the account the letter is mailed.

The collection process is suspended and the account is documented if the email and the mailing address are both found to be invalid and updated contact information is unavailable so that additional expense is not incurred in either time or postage.

In order to analyze the cost and benefit of overdue retrieval efforts, the following actions will be taken and reported on over the next 12 months:

1. An aging report will be developed and reviewed monthly to analyze and track return rate on collection accounts.

2. Staff will continue to track the quantity of mail and email correspondence sent based on the billing and collection process.
3. Staff will track the amount of time spent on the billing and collection process.
4. Management will investigate collection agency options including cost.
5. Additional review will also be conducted on any new or upgraded capabilities the circulation database platform, Polaris, has to offer to automate or streamline the process.
6. After 6 months of data is collected, a recommendation report will be prepared outlining the cost and efficiency comparison between the existing process and any viable alternatives for final determination. Adjustments will be made according to these recommendations and will be reassessed after an additional 6 months of data collection.

*Target Date: March 1, 2014*

*Responsibility: Director of Libraries  
Library Business Administrator*

***Recommendation:***

The Director of Libraries should prepare an aging schedule of delinquent account balances on a regular basis in order to verify the effectiveness of the collections process.

***Management's Response:***

*Concur.*

*Target Date: June 1, 2013*

*Responsibility: Director of Libraries  
Library Business Administrator*

***Recommendation:***

The Director of Libraries should implement a process to send routine, system-generated email notices to delinquent account holders owing \$10.00 or more. Each notice should include a link to the Library's on-line payment site.

***Management's Response:***

*Concur.* The Library's automated circulation system software sends a reminder notice to the customer based on their account notification selection three days before an item is due; 15 days after it's overdue, and a third notice is sent when the item is 30 days overdue. Once the item is 45 days past due the billing and collection letter process starts.

An additional courtesy email reminder notice, developed and approved in January 2012, is now sent via email to all accounts meeting set criteria. The notices are sent through *Constant Contact*, a bulk emailing service. Initially starting January 2012, this email

reminder notice was sent in mass to all library cardholders with an email listed in the account that owed more than \$10.00, both current and expired accounts.

Initially this reminder was sent every three months to all accounts meeting these criteria. Beginning in October 2012, the reminder email has been sent on a regular monthly schedule to all active library cardholders that owe \$10 or more. The email reminder notice lists the payment options available to all customers. In addition to the reminder notices, access to all library services is suspended until the account is returned to good standing with a balance lower than \$10.

*Target Date: October 1, 2012*

*Responsibility: Library Business Administrator*

***Recommendation:***

For future planning and after taking into consideration the prioritization of other IT-related projects, the City Manager should consider the implementation of a single e-commerce payment site which would allow citizens the opportunity to view and pay all outstanding balances due to the City (i.e. Library fines, traffic violations, red-light camera violations, water billings, etc.)

***Management's Response:***

*Concur.*

*Target Date: As soon as feasible*

*Responsibility: City Manager's Office  
Information Technology Department*

***Recommendation:***

The Director of Libraries should consider:

- 1) contracting with a collection agency; and/or
- 2) offering payment incentives for accounts over a certain age/ dollar value.

***Management's Response:***

*Concur.* Over the last several years, Library staff has continually initiated new process upgrades to efforts directed at collection of delinquent accounts, as well as those directed at preventing delinquent accounts from occurring. These have included the following:

- additional reminders by a variety of methods, including email and text message regarding overdue materials;
- regular reminder emails regarding delinquent accounts;
- payments by credit card at all library locations;
- online payment options via credit card through the library's online catalog; and,

- requirement of an account in good standing in order to use public computers and online databases.

All of the efforts listed above have resulted in some manner of positive impact. In the next year, staff will also be investigating new technology that allows for payment of fines and fees at the Library's self-checkout machines.

Prior to FY 2007, the Library contracted with a collection agency for the retrieval of delinquent accounts over \$50.00. A per account fee was charged for this service. In FY 2007, staff conducted a test comparing effectiveness of the collection agency at retrieving delinquent accounts as opposed to effectiveness of the use of the City Attorney's Office at collecting on delinquent accounts. After testing during FY 2007, it was determined that the CAO collection process was slightly more effective and this became the recommended method for account collection.

As discussed in a previous audit finding having to do with notification for delinquent accounts, Library staff will assess the effectiveness of the collection process over the next 12 month period. In addition, staff will compare these efforts to results achieved by libraries using a collection agency services and assess the costs and benefits of a contracted service.

*Target Date:*                    *March 1, 2014*

*Responsibility:*                *Director of Libraries*  
*Library Business Administrator*

#### **4. Library safe combinations are not properly secured.**

The Arlington Public Library receives revenue for lost and/or damaged books, overdue fines, copying charges, etc. Since Library receipts are temporarily stored in branch safes, proper internal controls should ensure that safe combinations are not compromised and that library receipts are safeguarded until deposited. Safe combinations should, therefore, be properly secured to ensure that there is no unauthorized access to Library funds.

Library Public Service Coordinators or supervisors-in-charge are responsible for verifying Library receipts and change funds when opening libraries. At times, the supervisors-in-charge are required to rotate among the Library branches in order to perform opening and/or closing duties. In order for the supervisors-in-charge to gain access to the other branch safes, safe combinations are maintained on a portion of the Library portal that is restricted to those library employees designated as "supervisors." Although no access exceptions were noted during this audit, the City Auditor's Office considered this a security issue. The risk of safe combinations being compromised (e.g., hackers accessing the City portal) could result in unauthorized access to and theft of City funds.

***Recommendation:***

The Director of Libraries should ensure that Library safe combinations are removed from the Library portal and are properly secured.

***Management's Response:***

*Concur.* The Library has 33 staff positions that function as Supervisor in Charge (SIC) of a library facility. A SIC is on duty at all locations during all hours of operation.

Hours of operation are:

- Central Library is open Monday-Thursday 9 a.m. to 9 p.m., Friday-Saturday 9 a.m. to 6 p.m.
- Branch library locations are open Monday-Thursday 10 a.m. to 8 p.m., Friday-Saturday 10 a.m. to 5 p.m.
- The Central Library and the Southeast Branch are open on Sunday during the school year 2 p.m. to 6 p.m.

While most SICs work in the same location(s) consistently, in practice the 33 staff positions that serve as SIC can be assigned to work at any location during any shift based on business needs. There are three specific duties that require all SICs to have access to the safe combinations at all location.

- 1) SIC issues out and receives back cash funds from cashiers at the start and end cashier's shift.
- 2) The morning SIC prepares the revenue report and packages the revenue collected from the day before for transport to Library Administration for final processing.
- 3) Make change for cashiers using the location change fund.

Currently the combinations to the safes in each of the seven locations are included in the Standard Operating Procedure (SOP) documents for the particular location. These SOPs are stored on the Library portal with restricted access to SIC staff only. At the time of audit review, all seven safes had seven different combinations, so it was deemed to be a lower risk to store the information here, since it seemed unlikely that any staff member would have the ability to memorize seven different safe combinations. In addition, it was expected that failure to provide this information in a centralized location would result in staff writing the combinations down and storing them in a less secure location such as a desk drawer or wallet.

In response to Audit's recommendation, a locksmith was contracted to change all of the combinations to a single sequence in order to eliminate the safe combination information from the SOP documents. Due to the age and varying models of the existing safes, this was not possible. Because of various limitations, only three safes were able to share the same combination. As of February 1, 2013, the remaining four still have different combinations. It is necessary to replace these four safes, at a cost of approximately \$3,500, in order to meet this recommendation. At this time, all SICs need access to five separate safe combinations to complete their required duties at any library location so this

information is still included in the SOP documents located on the portal. Funding to replace safes will be requested in the upcoming budget process for consideration and if granted, the safe combinations can be removed from the portal documents at the beginning of the new fiscal year.

*Target Date:* November 1, 2013

*Responsibility:* Division Administrator – Operations and Facility Management

#### **5. Library patrons are not required to acknowledge copyright laws when accessing eBooks.**

Copyright laws prevent reproduction of publications, and are controlled by the author in conjunction with the publisher. A variety of digital distributors have entered into contractual agreements with the Arlington Library to offer eBooks to library patrons. Although these contracts require that the Library provide reasonable assurance to protect publication copyrights, the Library's current log-in process does not include copyright disclaimers or require patrons to agree to abide by copyright laws prior to proceeding.

eBooks can be reproduced by making an electronic copy of the downloaded publication or by printing the contents for distribution. However, the library's ability to protect the publication copyright is limited. Patrons use their Arlington Library card number to log-in to third party vendor websites to access eBooks. Patrons may then download to personally-owned Kindles (E-reader devices). Manipulating Kindle devices or activity within the third party website is solely at the library patron's discretion.

The Arlington Library has offered eBooks to its patrons since December 2008. Reasonable action that can be taken by the Library is to make the patron aware of copyright laws and require that the patron agree to abide by those laws before proceeding. However, no action has been taken to ensure that library patrons are complying with copyright laws. Use of eBooks is expected to increase, considering the popularity of the internet and E-reader devices and eBooks being an effective means to offset rising costs associated with paperbacks and other print media.

Copyright violations by Arlington Library patrons could prompt publishers to seek monetary damages from patrons and/or the Library. Also, third party web site providers may seek compensation from or revoke access to eBooks by the Arlington Library.

#### ***Recommendation:***

The Director of Libraries should introduce a disclaimer and acknowledgement of copyright laws when a patron is logging on to third party websites to access eBooks and other electronic publications.

***Management's Response:***

*Concur.* The library currently has contracts with four e-content vendors. All four vendors provide links on their websites to copyright information. Overdrive has a link under "Important Copyright Information", Recorded Books One Click under their "Terms and Conditions", TumbleBooks under their "Terms of Use" and Ebsco under "Copyright". The library recognizes that this information is not highly visible to the public and will work with the City Attorney's Office to provide language on our library website detailing copyright law as it pertains to digital content.

*Target Date: June 1, 2012*

*Responsibility: Director of Libraries  
Division Administrator – Content Management & Virtual Services  
City Attorney's Office*

**6. Access controls do not exist for a publishing company's eBook website and an audio book vendor.**

The contract between EBSCO Publishing and the Arlington Public Library requires the library to implement access controls and copyright protection. However, the vendor's website does not validate access credentials and it allows copies to be made of downloaded materials. Additionally, Recorded Books, an audio book vendor, does not validate access credentials in order to control audio file downloads.

The contracts require the Arlington Public Library to limit access based on the library's rules regarding borrowing privileges. These rules disallow borrowing privileges for any patron owing more than \$10 in fees, and require membership based on specific registration requirements that can be verified. Ideally vendors would seek to enforce these conditions when patrons access their resources.

The eBook contract with EBSCO contains the following language pertaining to copyright laws:

*Library will be solely responsible for determining which patrons will have access to EBook website under this agreement. Library agrees to implement appropriate measures to limit the use of EBooks through access by patrons. Limiting access measures are to comply with EBSCO's reasonable application requirements which may change from time to time and may include, but are not limited to, remote patron authentication applications, authentication through protected IP addresses, a patterned identification check and privileged user accounts.*

The audio book contract with Recorded Books contains the following clause pertaining to data security:

*Each Library Account will implement and maintain reasonable measures to ensure that only authorized End Users have access to the OCD service and Digital Content. Each Library Account will take reasonable steps to prevent unwarranted intrusion into data managed or*

*maintained by One Click on behalf of such Library Account acquired in the course of the operation of the OCD service, including but not limited to reasonable steps to protect such Library Account's password files and access to the administrative website for management of the OCD service.*

Membership conditions (e.g., non-expired library card) are embedded into the City's library software. However, the City Auditor's Office was able to purposefully circumvent this control during audit testing by inputting an invalid or non-existent library card number to download a book. Failure in restricting access by the Arlington Public Library may lead to revoking the access rights by EBSCO, as stated in the contract.

Test of audio books included download of selected audio files. However, the library staff stated that access controls currently cannot be accommodated in the vendor website for audio books.

Implementation of contract clauses associated with access restrictions requires connectivity between EBSCO and Recorded Books with Polaris, the library software. It appears that the current technology employed by the vendors does not provide the connectivity that is required. However, the Library is still responsible for restrictive access, per the contract.

Technical staff at the Arlington Library is in the process of implementing EZ proxy, a product that would enable patron validation associated with Polaris. In order for the product to be effective, vendor websites must be compatible with EZ proxy. Library technical staff indicated that EZ proxy is in the test phase, and although the product is compatible with two audio book vendors, Library staff is still exploring and negotiating with EBSCO to accommodate the product.

***Recommendation:***

The Director of Libraries should continue with the implementation of the EZ proxy and ensure it is capable of access restrictions as required by the contracts with audio and eBook vendors.

***Management's Response:***

*Concur.* The library began working towards implementing EZproxy as a method to control access to Databases in October, 2012. This product was successfully implemented on 11/30/2012.

*Target Date: November 30, 2012*

*Responsibility: Division Administrator – Content Management & Virtual Services*

***Recommendation:***

The Director of Libraries should negotiate to remove contract language that requires Arlington library to control access in the event of the vendor's inability to accommodate access controls in their websites.

***Management's Response:***

*Concur.* Database vendors serve libraries of all sizes and those that may vary widely in technical expertise. To accommodate these differences, they offer a variety of methods to access their resources, including authentication by library barcode pattern (rather than exact number) in addition to more advanced methods. Authenticating by library barcode pattern does give the potential for individuals to make up library card numbers within the pattern to access and the vendors are aware of this since they are accommodating this method of access. The library has moved to implement EZproxy to exercise greater control and ensure authentication is by exact barcode rather than just matching on pattern. As vendor contracts are renewed throughout the next 12 month period, library staff will address this language in the vendor contracts and seek to have it modified or stricken where possible.

*Target Date: February 1, 2014*

*Responsibility: Director of Libraries  
Division Administrator – Content Management & Virtual Services  
City Attorney's Office*