



Sacramento Public Library Authority

September 24, 2009

Agenda Item 7.0: Debt Collection Policy

TO: Sacramento Public Library Authority Board Members

FROM: Rivkah K. Sass, Library Director

RE: Debt Collection Policy

RECOMMENDED ACTIONS:

1. **Approve** the attached Debt Collection Policy as presented in Exhibit A, which establishes a framework for the debt collection process and a regular write off schedule for bad debt.
2. **Approve** the write off of amounts more than four years old.
3. **Acknowledge** the steps already taken to control the increase of customer amounts owed, including reducing the number of items that can be checked out, lowering the maximum fine threshold, implementing credit/debit card payment, online payments, and point of service payments at self check machines.
4. **Authorize** staff to work with the County Department of Revenue Recovery to attempt collection of active cardholder accounts that owe in excess of \$200.
5. **Direct** staff to enforce service blocks on long overdue accounts by developing tools and procedures to ensure that customers cannot use resources until fines and fees are paid.
6. **Authorize** staff to work with the Library's software vendor to ensure adequate information is available that identifies fines, service charges and lost materials.

REASON FOR RECOMMENDATIONS

Staff is recommending adoption of the Debt Collection Policy in order to clearly outline the Library's efforts to more effectively manage the debt collection process. This policy is consistent with the legal limitations period in California for the commencement of a civil action to recover amounts owing and provides a methodology for determining amounts that are unrecoverable.

A more realistic picture of amounts owed that are unrecoverable is essential. Writing off these amounts on a regular basis is good business practice and will provide a more realistic picture of amounts owed that may be recoverable.

Authorizing staff to develop appropriate procedures and processes that include establishing a regular write-off schedule for accounts more than four years old, developing a database that blocks customers that have debt written off, working with the County of Sacramento Department of Revenue Recovery to attempt recovery of amounts in excess of \$200, and working with our vendor to ensure that we have appropriate information are all strategies to ensure that Sacramento Public Library improves stewardship of library materials.

ATTACHMENT

Exhibit A: Debt Collection Policy

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Sacramento Public Library

Policy and Procedure Manual

TITLE: <i>Debt Collection Policy</i>	POLICY No. FIN765.5
SECTION: Revenue Policy	REVISION DATE:
ISSUE DATE: September 24, 2009 BOARD ITEM #: Agenda Item 10 (IF APPLICABLE)	REVISION #:

I. PURPOSE/INTRODUCTION

The Sacramento Public Library assesses fines and fees to encourage timely return of library materials loaned to patrons. Library materials are generally purchased with taxpayer funds and customers have an obligation to return borrowed materials timely, for the benefit of other customers. While more than 98% of materials loaned are returned each year, the Library is required to establish policies and procedures to ensure the return of all materials. The Library must establish a policy to send delinquent customer accounts and other debtor accounts to collection to ensure the recovery of materials and monies owed and to appropriately write-off uncollectible accounts when assessed fines and fees and amounts owed are not recoverable. In addition, the library will implement a process that will prevent customers that have had amounts written off from using library resources until the amounts written off have been paid.

II. POLICY

This policy enables the Library to consider the value of customer amounts owed or receivable, and ensure that resources are used efficiently and not devoted to the recovery of uncollectible accounts. The timely identification of losses is an essential element in appropriately measuring the value of customer amounts owed or receivables.

1. The Library Director is responsible for establishing procedures to ensure the return of library materials loaned to customers. The Library Director is charged with implementing this policy to ensure prompt and regular write-off of uncollectible accounts. The Library Director will develop an operating procedure that will block patrons that have been the beneficiary of the write-off of bad debt from receiving a new or active library card until the debt written off is repaid.
2. In order to ensure the return of library materials loaned to customers, the Library sends overdue notices after a specific time period. These notices serve to inform the customer that specific materials need to be returned and that a fine will be charged if returned late.
3. When fines and fees for unreturned materials attached to a customer's account reach a certain threshold, the account will be forwarded to a collection agency under contract with the Library.
4. The collection agency will make every reasonable effort to retrieve library materials or payment for library materials and any associated fines and fees.
5. The Library Board will establish the threshold levels and, on recommendation of the Library Director, review the threshold levels periodically.



Sacramento Public Library

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6. Criteria for Write-Off Action

The Library shall consider customer amounts owed or receivable as non-recoverable based on the following criteria:

- A. Accounts that cannot be substantiated by evidence or are legally without merit;
- B. Costs of further recovery actions will exceed estimated recovery amounts;
- C. Inability to locate debtor;
- D. Accounts under \$25 delinquent over 4 years;
- E. Accounts over four (4) years old that have been billed regularly and subjected to a diligent collection effort;
- F. Account returned by a collection agency as uncollectible, and for which no other collection remedy is possible or prudent;
- G. Debtor has declared a Chapter 7 bankruptcy;
- H. Credit balances under \$25 and inactive for four (4) years;
- I. Accounts owed by companies no longer in business and for which collection efforts have failed;
- J. Accounts of deceased persons;
- K. Other reasons to be considered on a case by case basis on Government Accounting Standards Board or applicable standards;
- L. Forgiveness of Debt as approved by the Library Board.

7. Customer accounts and other amounts owed determined to be unrecoverable and that meet the above criteria will be written off on a regular basis. The Library Director will regularly report these amounts to the Board and at the end of each fiscal year provide a summary of amounts that have been written off during the period.