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June 10, 2009

Honorable Antonio R. Villaraigosa, Mayor
Honorable Rockard J. Delgadillo, City Attorney
Honorable Members of the City Council

SUBJECT: PERFORMANCE AUDIT OF PUBLIC ACCESS TO THE LIBRARY'S BOOKS AND MATERIALS

I am releasing the enclosed report titled "Performance Audit of Public Access to the Library's Books and Materials." A copy of this report was provided to the Los Angeles Public Library.

If you have any questions or comments, please contact Farid Saffar, Director of Auditing, at (213) 978-7392.

Sincerely,

RUSHMORE D. CERVANTES
Acting City Controller

Enclosure

AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER

OFFICE OF
CONTROLLER

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LOS ANGELES 90012
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June 10, 2009

Ms. Kris Morita, Interim City Librarian
Los Angeles Public Library
630 W. Fifth Street, 4th Floor
Los Angeles, CA 90071

Dear Ms. Morita:

Enclosed is a report titled "Performance Audit of Public Access to the Library's Books and Materials." A draft of this report was provided to you on May 18, 2009, and discussed at an exit conference on June 1, 2009. We considered your Department's comments prior to finalizing this report.

Please review the final report and advise the Controller's Office by July 13, 2009, on planned actions you will take to implement the recommendations. If you have any questions or comments, please contact me at (213) 978-7392.

Sincerely,

for: FARID SAFFAR, CPA
Director of Auditing

Enclosure

cc: Robin Kramer, Chief of Staff, Office of the Mayor
Jimmy Blackman, Deputy Chief of Staff, Office of the Mayor
Miriam Scott Long, Deputy Mayor, Office of the Mayor
Raymond P. Ciranna, Interim City Administrative Officer
Tyree Wieder, President, Board of Library Commissioners
June Lagmay, City Clerk
Gerry F. Miller, Chief Legislative Analyst
Independent City Auditors

AN EQUAL EMPLOYMENT OPPORTUNITY – AFFIRMATIVE ACTION EMPLOYER

City of Los Angeles
Office of the Controller

Performance Audit of Public Access to the Library's Books and Materials

June 10, 2009

Rushmore D. Cervantes
Acting City Controller

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Audit of Public Access to the Library's Books and Materials

EXECUTIVE SUMMARY

The Controller's Office has completed a performance audit of patron access to the Los Angeles Public Library's books and materials. The primary objective of the audit was to assess whether the Library effectively maximizes its resources to ensure local communities have access to books and materials that match their interests.

The audit was performed in accordance with Generally Accepted Government Auditing Standards and covered activities from July 2008 to February 2009. Fieldwork was conducted between November 2008 and March 2009.

BACKGROUND

The Los Angeles Public Library (Library) serves the largest population of any public library in the United States. The Library maintains a collection of more than 6 million books in 28 world languages; provides free public access to over 2,000 computer workstations; and offers a variety of educational and cultural programs for residents of all ages. According to the Department, nearly 18 million people visited the Library in FY 2007-2008 and checked-out over 17 million books, DVDs and CDs.

During economic downturns, people turn to their local libraries in greater numbers to take advantage of the many free offerings. The Library reported that the number of people visiting its facilities jumped 12% between FY 07-08 and FY 08-09. During the same period, expenditures for books and materials remained relatively constant at a little less than $10 million. However, the Mayor's 2009-2010 proposed budget reflects a 30% decrease in the Library's books and materials budget from last fiscal year. Essentially, the Library will have fewer resources to purchase new books, CDs and DVDs for the communities it serves.

To ensure that the Library uses its budget effectively and efficiently, the Library must have adequate processes to:

- Identify community needs,
- Select and purchase books,
- Evaluate the effectiveness of purchases in meeting identified needs, and
- Safeguard books and materials to minimize theft.

The audit focused on the Library's processes to ensure patrons have equitable and timely access to books and materials that meet their demands and that the Library has an efficient process to purchase books and materials.

SUMMARY OF AUDIT RESULTS

We found that the Library has implemented several measures to help ensure equitable access to its free services. We also found that the Library compares favorably with its peers on key circulation statistics indicating that its collection is generally well-matched with community interests, though there is an opportunity to increase the number of registered borrowers through improved outreach and promotion. We found that the Library could improve patron service even further if it:

- Collects additional data in order to ensure communities' interests are accurately identified.
- Develops formal branch-level collection development goals and evaluates purchases against those goals to ensure effective use of the budget.
- Strengthens theft prevention over audio/visual materials to increase availability of these items.
- Considers loss rates when allocating branch budgets to ensure certain branch's collections are not weakened by theft more than others.
- Evaluates how well the patron reservation system serves patrons.

We also found that the Library's process for selecting vendors is fair and generally based on sound economic judgment; however, it could do more to adequately protect City's interests. The Library does not have formal agreements with its book and material vendors and it pays full invoice amounts on incomplete orders. Lastly, we found that the Library's guidance and oversight of direct purchases made by branches at local bookstores could be improved.

KEY FINDINGS

❑ **The Library's processes to identify patron needs and assess the effectiveness of purchasing decisions could be strengthened.**

We found that the librarians rely on a number of reports detailing circulation statistics, as well as their experience and professional judgment to identify patron demand. However, we found that the Library does not gather data and report on two very important statistics: in-library use and reservation requests. Librarians informally monitor and use this information to identify collection gaps and select books and materials. However, it is extremely difficult, if not impossible, to identify trends because the number of books that patrons use in-house or reserve from other branches is voluminous. Librarians could make this assessment more effectively and efficiently if the information was tracked and presented in regular reports.

We also found that the Library could strengthen its controls for demonstrating effective use of the book and materials budget. Currently, branches do not develop formal collection development goals nor do they evaluate purchasing decisions in meeting those goals. Branch librarians cannot evaluate how collection development goals are met through purchases because the current acquisition system is not capable of generating reports on branch purchases.

- **The Library could improve patron access to books and materials by strengthening system-wide theft prevention controls and considering branch loss rates when allocating budgets.**

We conducted a limited inventory review and found that DVDs and audio books appear to be missing in much greater quantity than books. Except for one branch library, multiple DVDs were missing from each location. This branch had implemented a simple control system that appeared to minimize theft. The Library has made the policy decision to offer entertainment DVDs to patrons, and DVDs are very popular. The Library should ensure that patrons have the same opportunity to check-out DVDs and audio books at all branches, and that these items are a good use of its limited resources.

The Library does not take into consideration branch loss rates when allocating budgets. Based on our analysis of the Library's most recent Lost Item Report and the 2008-2009 budgets, we found that patrons in an entire region may not have access to collections of comparable quality that are available to patrons in other regions. Branches in that region tended to have high loss rates yet similar budgets to branches with low loss rates.

However, it would be difficult for the Library to consider loss rate when allocating budgets because it does not accurately track lost items. The Library generates the semi-annual Lost Item Report, which lists items that were checked-out by patrons and not returned, as well as items that were identified by branch staff as missing from the shelves. We found that items missing from the shelves are underreported. In addition, once the items are confirmed as lost, they are deleted from CARL, the Library's online catalog and a record of the item no longer exists. Because CARL does not capture general statistics of deleted items it is difficult for the Library to easily determine exactly what is lost on an annual basis.

Reducing potential collection gaps requires a combination of measures, including improving system-wide theft prevention, accurately tracking loss data and considering that information when allocating budgets.

- **The Library could strengthen its processes for using book and material vendors to ensure the City's financial interests are adequately protected.**

We found that the Library does not have formal agreements with its vendors. The Library obtains offer letters from its primary vendors listing discount terms and processing fees. The Library does not sign the letters to formally accept the terms nor are these letters reviewed by the City Attorney. Although the Library is exempt from the City's purchasing requirements, it should still comply with the Charter and Administrative Codes' overarching intent to ensure the City's interests are adequately protected. All of the peer library systems surveyed during the audit maintain formal agreements with their vendors.

We also found that the Library's process for verifying receipt of items and paying vendors is deficient. The Library pays full invoice amounts on incomplete orders. The Library stated that vendors allow up to one year to request a replacement copy or refund; however, this is not defined in the vendor letters. Good cash management practices ensure that vendors are paid only for those items that have actually been received.

- ❑ **The Library's controls over direct purchases could be strengthened.**

We found that branches' direct purchases at local bookstores do not consistently comply with Library policy. For example, we found a number of instances where branches purchased hard back novels and reference-type materials when the guidelines state direct purchases should be for mass-market paperbacks. However, the Library's direct purchases guidelines are vague and do not allow for a variety of situations in which direct purchasing might be prudent. In addition, we found that there is no supervisory review or approval by Area Managers of the items that branches buy through direct purchase.

- ❑ **The Library does not assess how well the reservation system serves patrons.**

We found that the Library does not evaluate "in-transit" times for reserved items and that the system does not store important dates in the reservation process. We reserved 20 books to assess patron wait times and found that 65% were available for pick-up within the Library's informal goal of 5 business days. The Library does not have an established target for meeting their 5 day goal; however, having less than two-thirds of requested materials available does not seem to be an indicator of strong performance.

We also found that the Library does not ensure branch staff pull reserved items from the shelves within the Library's informal goal of one day. The Library's process for monitoring and resolving extended in-transit times is manual and cumbersome.

- ❑ **The quality of merchandising displays varies considerably by branch.**

We observed merchandising displays at 9 branches and found that while all made a basic attempt to merchandise their materials, the quality of merchandising varied significantly. Good merchandising encourages patrons to browse and helps increase circulation, which is an objective in the strategic plan. The Library should monitor branch merchandising endeavors and provide assistance to branches.

REVIEW OF REPORT

A draft report was provided to the Los Angeles Public Library on May 18, 2009. We discussed the contents of the report with management at an exit conference held on June 1, 2009. Management generally agreed with the findings and recommendations. We considered the Department's comments before finalizing this report. We would like to thank the Los Angeles Public Library management and staff for their cooperation and assistance during the audit.

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BACKGROUND AND METHODOLOGY

The mission of the Los Angeles Public Library (Library) is to "provide free and easy access to information, ideas, books and technology that enrich, educate and empower every individual in our city's diverse communities." Patrons can access everything the Library has to offer by visiting the 540,000 square foot Central Library located in downtown or any of the 71 community and regional branch libraries located throughout the city. Patrons also have access to a number of resources through the Library's public website.

The Library has implemented several measures to help ensure patrons have equitable access to its resources. For example, the Library developed, and has almost completed, a comprehensive facilities plan to ensure communities have similar access to branch libraries. The Library also created a book reservation system that provides patrons access to most circulating items at their local branch. We also found that the public's access to computer workstations was generally distributed fairly between branches.

Peer Comparisons

We assessed the Library's performance in serving the community by comparing it with peer libraries across several key performance metrics. We selected the following 5 peer libraries with which to provide a comparison: County of Los Angeles Public Library, Chicago Public Library, Brooklyn Public Library, Houston Public Library, and Miami-Dade Public Library. We based our comparison on FY 2006-2007 data collected and published by the Public Library Association (PLA). Through a national survey, the PLA publishes a number of statistics, including about a dozen performance metrics. The survey results are intended to give libraries information to help support management decisions. Much of the data is closely tied to one another and should be considered together or tracked over multiple years. In general, we found that the Library faired favorably on several key circulation statistics, indicating that its collection is popular with the community. Our assessment of these key metrics is noted below.

Book and Material Expenditures

Our comparison of key statistics on book and material expenditures found that the Library's investment in books and materials for the community is generally in line with its peers. As illustrated in Exhibit 1, the Library has the largest operating budget of any of its peers and spends the most on books and materials. In addition, the Library spent 10% of its total FY 2006-2007 operating budget on books and materials, which was generally in line with the peer median of 11%.

Exhibit 1

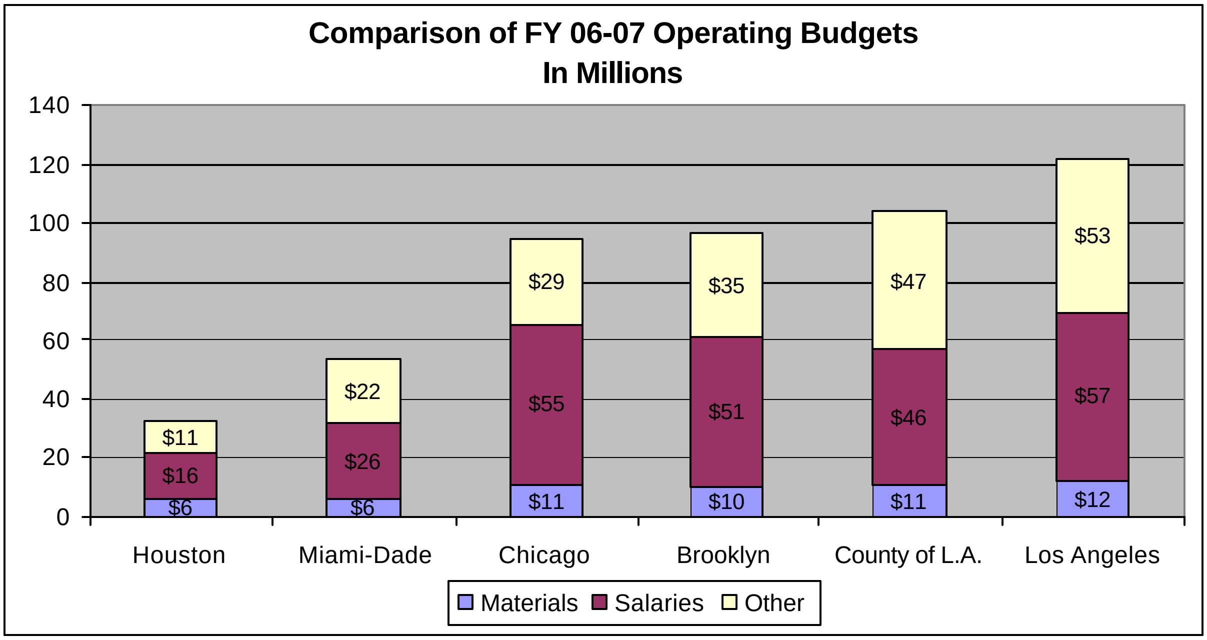


Exhibit 2 shows the Library spent slightly more on books and materials per capita than the median peer amount; although it fell short of Brooklyn and Chicago. The total number of books and materials "owned" by the Library per capita was well below the peer median, as shown in Exhibit 3.

Exhibit 2

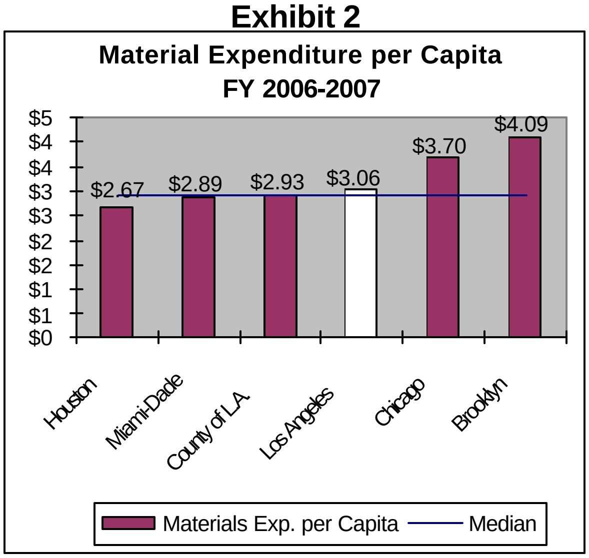
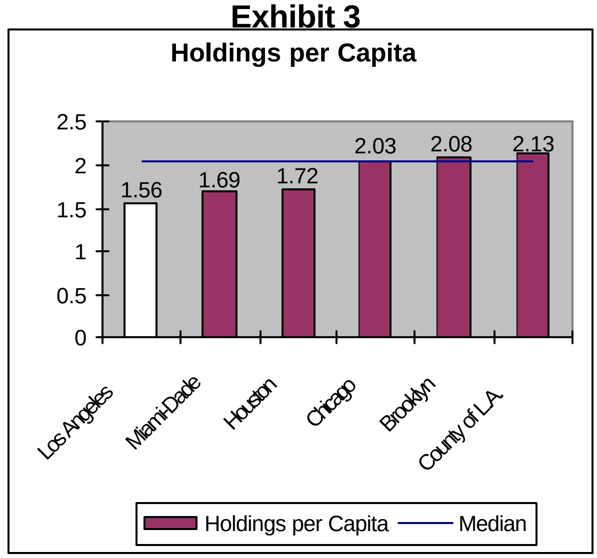


Exhibit 3



Because the Library's expenditures are generally on par with peers, the low "holdings per capita" ratio does not necessarily indicate that the Library is not allocating appropriate resources for books and materials. Rather, this low figure could indicate that the Library proactively weeds its collection, i.e. removes books that are irrelevant, unpopular, or in poor physical condition from circulation. Or it may indicate that the

Library spends more per book than its peers, either because it buys more expensive items or because it does not receive comparable discounts. However, the exact reason is difficult to ascertain. First, it is difficult to determine whether vendor discounts are comparable to other cities since this tends to be confidential information. Second, while librarians interviewed during the audit indicated that they actively weed collections, the Library has not generated a key report to facilitate weeding in two years. Lastly, a lower "holdings per capita" may be the result of book loss/theft. However, as we discuss in our report, the Library does not track its annual loss rate.

Nevertheless, "holdings per capita" only provides information about collection size; it does not give any indication about the quality or how well the collection meets community needs. The following section discusses these indicators.

Library Usage and Circulation Measures
"Collection turnover" and "Circulation per capita" measure the community's use of the Library's materials. As illustrated in Exhibits 4 and 5, the Library compares favorably to peers on these statistics, indicating that the Library's books and materials are heavily used. Moreover, it indicates that the collection is comprised of high-interest, circulating materials that are well-matched to the community's broader interests.

Exhibit 4

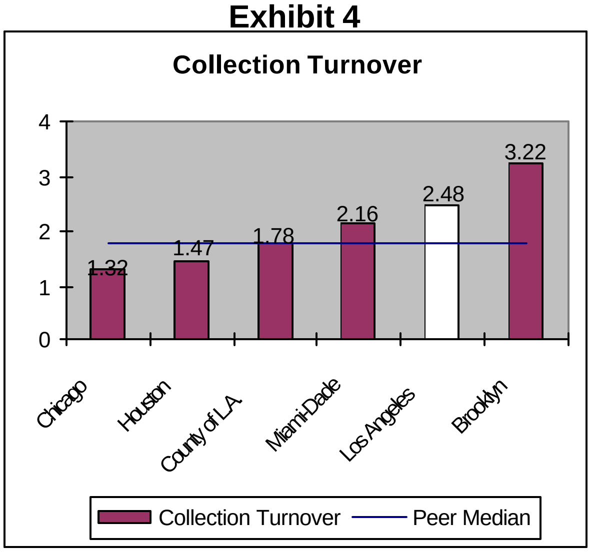
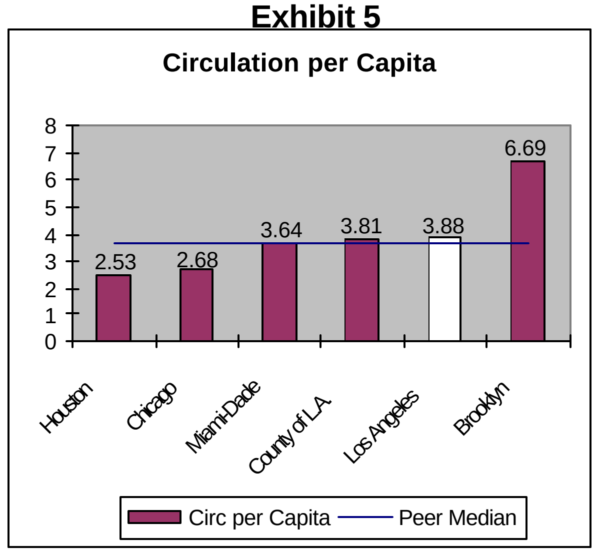


Exhibit 5

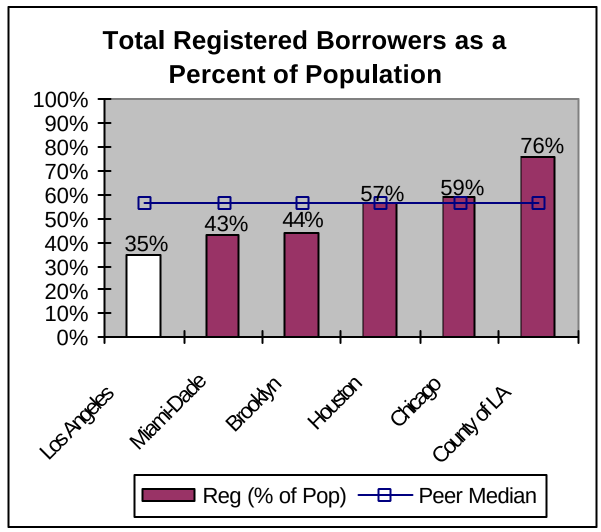


"Collection turnover" is calculated by dividing circulation by holdings. Turnover measures the average number of times each book in the collection is checked out. As such, the Library's books were checked out an average of 2.48 times during FY 2006-2007. A Library that emphasizes popular materials will have higher "turnover" and "circulation per capita;" while a low number indicates a need to improve the collection to more accurately reflect the community's interests. Representatives from the Brooklyn Library, which had the highest ratio for both of these indicators, stated that circulation can be influenced by a number of factors related to the population served, such as their literacy levels, materials that are available in the various languages of their patrons, as well as library staff who are proficient in various languages that help link patrons with desired materials. These factors, along with a consistent focus on addressing these needs, as well as a maintaining a high materials budget, had a significant affect on Brooklyn Library's "circulation per capita".

Providing further support that the Library's collection is well-matched to the community is the fact that it had very few inter-library loans from other library systems compared to the peer median, 244 vs. 6,000, respectively. A low number signifies that the Library generally "owns" the books and materials that patrons want and does not have significant collection gaps. Even though the Library does not have a high "holdings per capita" ratio, it appears that the materials it does have in its collection are popular and well-matched to the community.

The Library had the lowest number of registered borrowers as a percent of their target population, as illustrated in Exhibit 6. These figures represent the number of active borrowers compared to the library's target population, generally residents of the geographical area served by the library system. However, for the County of Los Angeles, the target population includes only approximately one-third of the County's total residents. The County's target population includes the residents of 51 of the 88 incorporated cities within the County, as well as most of the unincorporated areas, as these areas are not served by another public library system.

Exhibit 6



The Library's low figure may indicate that its target community, the residents of the City of Los Angeles, might be unaware of the Library's many offerings. This presents an opportunity for improvement in the Library's efforts for outreach and promotion. This may be an area that the Library's Foundation could provide assistance.

Notable Accomplishments

Per Library management, the Los Angeles Public Library, an institution for nearly 140 years, serves the largest and most diverse population of any library in the nation through its Central Library, 71 branches, extensive electronic resources available at its website and thousands of public programs for all ages. The Library's building program resulted in more than 90% of the City's libraries being rebuilt.

The Library's other notable accomplishments include: creating a state-of-the-art technology, infrastructure that provides unprecedented access to its collections and services; creating an Adult Literacy program and establishing literacy centers in 20 libraries; developing innovative programs for children and teens – including the City's largest after-school program – that help them succeed in school and in life. These programs and services have helped result in record library use. Last year, nearly 18 million people visited the library, more than 17 million books were checked out, and electronic resources were accessed 120 million times.

The Department recently revised its sweeping Library Facilities Plan, which was developed with input from a wide range of stakeholders and identifies library facilities needed to meet demand through 2030.

Scope, Objective and Methodology

The primary objective of the audit was to determine whether the Library effectively maximizes its limited resources to ensure local communities have access to books and materials that meet their demands. Our specific objectives included determining whether:

- The Library uses its budget effectively and efficiently to maximize the availability of books and materials that patrons use.

- The Library has adequate processes to assess the effectiveness of purchasing decisions in meeting patrons' demands.

- The collection of certain branches is weakened by loss and/or theft of materials more than other branches.

- Books that are placed on hold by patrons are pulled from the shelf and delivered in a timely manner.

- Operational initiatives directed at improving the effectiveness and efficiency of providing books and materials to patrons are being accomplished.

The audit was performed in accordance with Generally Accepted Government Auditing Standards and covered the period from July 2008 through February 2009. Fieldwork was conducted between November 2008 and March 2009.

In conducting our audit, we interviewed Library management and staff to obtain an understanding of the processes to: 1) select and purchase books and materials; 2) identify and track lost items; and 3) satisfy patron book reservation requests. We also interviewed branch librarians to obtain an understanding of how they identify community interests and evaluate the effectiveness of their purchasing decisions in satisfying those interests.

We evaluated the reservation system to identify how quickly patrons receive requested items, including how quickly branches pull items from their shelves to be delivered to another branch and how long items are "in transit." We also analyzed the January "Lost Item Report" to identify whether certain branches' collections are more adversely impacted by loss.

Lastly, we selected 5 peer libraries with which to compare the Library. We selected the peer libraries based on population, number of branches and total holdings. We used data collected and published by the Public Library Association to compare the Library on several key performance metrics. We also surveyed 3 of the peer libraries (2 did not respond) to obtain qualitative information on operations.

SECTION I: NEEDS IDENTIFICATION

Branch librarians identify trends in patron usage and potential collection gaps through a combination of professional judgment and formal reports generated from the Library's integrated online library system, CARL. The reports include:

- Dewey By Decade – an annual report that details collection size and circulation by call number range.
- Circulation by Media – a quarterly report that details circulation by type of material, such as Adult audio books, Young Adult comics, Juvenile entertainment videos.
- Branch Circulation Report – a monthly report that shows current collection size and total circulation by month. The report also shows fiscal year-to-date circulation and prior year's circulation.
- Lost Items – a semi-annual report listing all lost items, including those items that were checked out by patrons but never returned, and items reported by branch staff as missing from the shelves. This report helps branch staff identify specific items that are popular, i.e. if they were checked out, they were of interest to patrons. The report also helps branches identify potential gaps in specific collections.
- Dusty Book Report – lists all items that have not been checked out within a year from the report date. This report helps staff identify what items are not circulating, either because they are missing from the shelf or because they are not popular. This report is supposed to be run annually but has not been run since Spring 2007.

Branch staff interviewed during the audit generally find these reports useful in identifying patrons' needs; however, they also rely on their work experience, daily interaction with patrons and knowledge of the community. In addition, librarians stated that they regularly assess, on an informal basis, the items patrons use in the branch (but do not check-out) and items reserved from other branches.

Finding No. 1: Branch librarians could more accurately identify community interests if additional patron usage statistics were tracked.

The CARL-generated reports provide branch managers with essential information on the items patrons check-out. However, the Library does not gather data and report on two very important statistics, which librarians informally monitor and use in selecting materials: in-library use and reservation requests.

<u>In-library use</u>

In-library use is defined as items patrons use in the branch but do not check-out. Consequently, the use of these items is not captured and reported in the Library's standard circulation reports. During the audit, we visited 12 branches and observed many patrons sitting at desks and reading materials. One branch we visited has one of the system's lowest circulation rates but, based on our observation, the branch was very crowded with patrons reading Library materials. The branch manager stated that this was typical - patrons at this branch use the materials in high volume but tend not to check-out the items. When re-shelving these materials, branch staff get a sense for what patrons read, and they use this information to guide future purchases. However, it is extremely difficult, if not impossible, for librarians to accurately identify in-library use trends because a large volume of items are re-shelved daily and multiple individuals are responsible for re-shelving items.

In 2006, the American Library Association published a paper, titled "Rethinking Library Statistics in a Changing Environment," that stated "a major change in data gathering that most libraries need to make is to measure the amount of in-house use that library materials receive." The article stated that "to obtain this number, staff must scan all materials left on reading tables and used to answer reference questions before re-shelving."

We understand that CARL has the capability to capture in-library use statistics. Library staff acknowledged this capability but stated it would be very time-consuming for staff to scan all items before re-shelving. However, we believe, as an alternative, a process could be developed whereby this information is collected during "typical" sample periods to avoid being overly burdensome to staff.

In-house use is a critical component in assessing patron usage and should be considered in purchasing decisions. Three of the 5 peer libraries track in-library use, per PLDS data. As such the Library should develop an appropriate methodology to capture, track and report this information.

<u>Materials Reserved from Other Branches</u>
Branch librarians also stated that they identify patron demand and potential collection gaps through an informal assessment of the items reserved from other branches. Every morning, branches receive a shipment of books from other branches to satisfy patron reservation (or "hold") requests. These items are placed on a separate shelf and librarians stated that they regularly review this shelf to identify the items their patrons have requested from other branches.

Similar to in-house use, it is impossible for branch staff to remember every item on the shelf to identify trends, particularly since some branches may have over 100 items delivered daily. Because librarians stated that this informal assessment is one of the primary methods used to identify patron needs and potential gaps in their collection, the Library should formally track this information and provide reports to branches.

The check-out record of a reserved item is recorded in the circulation statistics for the branch where the item is picked-up – not the branch that owns the item. Therefore, the circulation statistics of reserved items are captured in the Dewey by Decade, Circulation by Media and Monthly Circulation reports for the pick-up branch; but these reports do not give any indication that the branch does not "own" these items. To identify collection gaps, Library reserve lists should be reviewed regularly for specific authors, genres, and subject areas for which reserves are frequently filled.

Currently, the Library cannot track or provide reports on reserved items since CARL deletes all patron “hold” records once the item is picked-up. The Library will need to program CARL to retain and report on basic data relative to reserved materials. At a minimum, the Library should track the title, author, call number, media code and pick-up location.

Librarians rely on their informal assessment of patron reservations and in-branch use to identify patron usage and collection gaps; however, the Library could make this assessment more effective and efficient for branch librarians if the information was tracked and presented in regular reports. Moreover, these reports might help branch librarians more easily identify subtle changes in community interests that are difficult to ascertain through observation alone.

Recommendations:

Library management should:

1. **Track in-library use data and regularly provide reports to branches. This can be accomplished by using capabilities provided by CARL.**
2. **Track data on materials reserved by patrons and regularly provide reports to branches to identify information such as author, genres and subject area.**

SECTION II: COLLECTION PLANNING AND EVALUATION

The Library allocates about $5 million annually to branches to purchase books and materials. Formal goal-setting, planning, and evaluation are critical, particularly in lean fiscal times, to ensure budgets are spent effectively and to demonstrate results to stakeholders. Branch librarians appear to plan and evaluate purchase decisions; however, they do so informally. Most of the recommendations in this section are designed to strengthen and formalize procedures already performed by librarians. Formalizing these activities will enable branch librarians to clearly demonstrate to the community that purchasing decisions were transparent and based on sound, rational judgment. In addition to strengthening transparency and accountability, formal documentation ensures the branch-level goals and plans developed by the librarians are retained in the event the librarian leaves.

Finding No. 2: Branches' collection development goals are not formalized.

The Library has a system-wide collection development policy, which sets forth broad guidelines for material selection. The policy states that "selection of library materials is made on the basis of interest, popularity, informational content, appropriateness, and relevance to and for the people of Los Angeles." In addition, the Library identified goals in its FY 2007-2010 Strategic Plan to expand the collection of new and popular materials. However, the Library serves many diverse communities where interests and popularity of materials vary significantly between the branch libraries.

In some ways, each of the Library's 71 branches is similar to a small city library. Consequently, branches should develop a set of formal collection goals and priorities to help ensure purchases are in line with each community's unique interests. These goals should directly support the system-wide collection development policy and strategic plan, but reflect each community's distinct identity.

Based on interviews with branch librarians it appears that planning and goal-setting is performed, but is not formally documented. Librarians were able to clearly articulate goals for their collection. In addition, plans for the collection are discussed with the Area Manager at the beginning of the fiscal year.

It is important that branches have formally documented goals and priorities for the same reason a system-wide collection development policy is important – it provides a clear framework and set of guidelines for collection planning and provides a basis to formally evaluate purchase decisions. In addition, formal collection goals clearly demonstrate to the community and stakeholders that a transparent and rational plan is driving book and material selections.

Each fiscal year, branch librarians should formally document goals and priorities based on an assessment of patron needs, as well as the collections' strengths and weaknesses. These formal goals should identify the specific collections to be developed or de-emphasized and should directly tie to the material fund planning sheets, discussed in Finding #3, used by branches to allocate the budget.

Recommendation:

Library management should direct:

3. **Branch librarians to develop formal collection development goals annually that support the system-wide policy yet are reflective of specific communities.**

Finding No. 3*:* **The Library should improve its system-wide material fund planning sheet to ensure branches effectively plan and allocate budgets.**

Branch librarians complete a planning worksheet to allocate their budget, which is discussed with Area Managers at the beginning of the fiscal year. The Library has made a "material fund planning sheet" available through the intranet but librarians have indicated that is not relevant, and it does not appear to be widely used. Consequently, branch librarians have created their own planning worksheets, which seem to vary in the level of detail considered.

Comprehensive planning is important to ensure annual budget allocations directly support the branch's formal set of goals and priorities for its collection and meet community needs. The Library should have an effective system-wide tool to facilitate branch budget planning. The Library considers branch budgeting and planning valuable since it developed a standardized, system-wide form; however, it does appear to effectively meet branches' needs.

To develop an effective, system-wide planning tool, the Library should obtain input from branches to develop a "material fund planning" worksheet that is sufficiently detailed and useful to branches. The planning worksheet should also facilitate an evaluation of how well the annual formal goals and priorities were accomplished through actual expenditures.

Recommendation:

Library management should:

4. **Develop a template and standard guidelines, with input from branch librarians, to allocate budgets and track expenditures.**

Finding No. 4: Branches do not formally evaluate purchases.

Branch staff assess whether they purchase the "right" materials in much the same way that they assess patron's needs – through CARL-generated circulation reports and professional judgment. These reports provide useful information to assess general circulation trends and the popularity of subject areas; however, these reports do not enable branches to evaluate the effectiveness of their annual purchasing decisions.

None of the peer libraries surveyed formally evaluates purchases. However, to strengthen accountability for the effective use of allocated budgets and ensure community needs are met, branch librarians should formally evaluate annual purchases against the set of goals and priorities identified at the beginning of the year. These collection goals, as discussed in Finding #2, should be based on an assessment of patron/community needs. As such, this type of evaluation is an effective and relatively straightforward method to demonstrate funds are used to purchase items that meet patron needs.

However, evaluating purchases against established goals is currently very difficult to perform because branches do not receive status reports on the books and materials they ordered. Branches maintain records of the items they requested through the Online Selection Assistant, but this does not necessarily reflect what they actually receive. An order may have been revised by an Area Manager or it may be back-ordered and subsequently cancelled.

The Library's centralized Acquisitions unit tracks shipments but does not provide status reports to branch librarians. Without reports from Acquisitions on the status of ordered items, i.e. whether the item was received or canceled, branches cannot easily evaluate how well their collection goals and priorities were met through purchases. Currently, the only way branches could assess how well their collection goals were met would be to check the status of each item that was ordered in CARL at the end of the year or manually track every packing slip and compare it to the order sheets. This would be a labor intensive effort. Evaluation techniques must be both effective and an efficient use of staff time.

As such, the Library should provide regular reports to branches electronically on the status of ordered items to facilitate evaluation of collection development goals. Branches should use these reports to identify how well their purchases, not just their orders, actually satisfied the goals. If branches can easily identify that a goal was not satisfied because items did not arrive, they can adjust future purchases to help ensure the specific goal, as well as meeting patrons' needs, is ultimately met. Evaluation results should be formally reviewed by Area Managers and reported to Branch Library Services as part of the strategic plan monitoring.

Without the necessary tools to evaluate purchases, branch librarians cannot ensure that they are using their budget effectively to meet patron demands nor can they demonstrate results to stakeholders.

The Library indicated that its current system would not enable easy reporting to branches on purchases; however, management anticipates switching to an Oracle database within the calendar year, which may have greater reporting capabilities.

<u>Recommendations:</u>

Library management should:

5. **Explore the feasibility of providing regular order status reports to branches.**
6. **Direct branches to evaluate purchases against collection development goals and formally report results to the Area Manager and the Branch Library Services.**

SECTION III: INVENTORY AND LOST ITEMS

The Library spends a lot of resources, both time and money, building collections that match communities' interests. However, the effectiveness of the Library's efforts to purchase materials for the community is diminished when the popular items are missing. Our audit found that the Library does not have adequate safeguards to prevent theft of audio/visual items. We also found that the Library does not accurately track loss rates and does not consider loss rates when allocating branch budgets.

Finding No. 5: The Library's theft prevention for DVDs and Audio Books could be strengthened.

We selected 245 items that were "owned" by 5 branches and attempted to locate the items that were "on shelf," per CARL, as of our testwork date. Our testwork results are noted in Exhibit 7, but, in general, we found that DVDs and audio books appeared to be missing in much greater quantity than books. We recognize that it is possible that the items were picked up by another patron in the branch but not yet checked-out; however, when we inquired about certain items, Library staff usually indicated that it was probably lost.

EXHIBIT 7
OVERALL SUMMARY OF INVENTORY REVIEW

Category	Number Missing	% Missing
Books	4	3%
Audio Books	5	21%
DVDs	27	28%

Multiple DVDs were missing from each location, except for one branch library. This branch had implemented a simple control system that appeared to minimize theft. DVD cases were kept on the shelves for patrons to peruse but the actual discs were maintained in a large, vinyl CD case behind the checkout counter. Librarians at other branches expressed concern that it would be too time consuming for check-out staff to maintain the discs behind the counter. However, we observed that it took staff very little time to locate and check-out the DVDs.

The Library has made the policy decision to offer entertainment DVDs to patrons, and DVDs are very popular. The Library should ensure that patrons have the same opportunity to check-out DVDs and audio books at all branches, and that these items are a good use of its limited resources. Assuming the average price of a DVD and audio book is $15, our limited review alone identified a potential loss of $480. According to the Library, it spent $570,000 on DVDs in FY 2007-2008.

To ensure patrons have equal access to a wide-variety of popular audio/visual materials, as well as to ensure these resources effectively contribute to collection development, the Library should implement appropriate safeguards over its audio/visual materials. It is not necessary for each branch to institute a uniform approach. Each branch can adopt a method that is efficient and effective for its operations, but at a minimum, DVDs should be maintained behind the checkout counter.

Recommendation:

Library management should direct:

7. **Branch management and Central's Popular Library to improve safeguards over audio/visual materials to prevent theft.**

Finding No. 6: The Lost Item Report does not accurately reflect items missing from branch libraries.

The Library's process for reporting and resolving missing items is illustrated in Exhibit 8. In general, missing items are reported on the Lost Item Report when 1) branch staff "trace" an item that cannot be located on the shelves, or 2) a patron does not return a checked-out item.

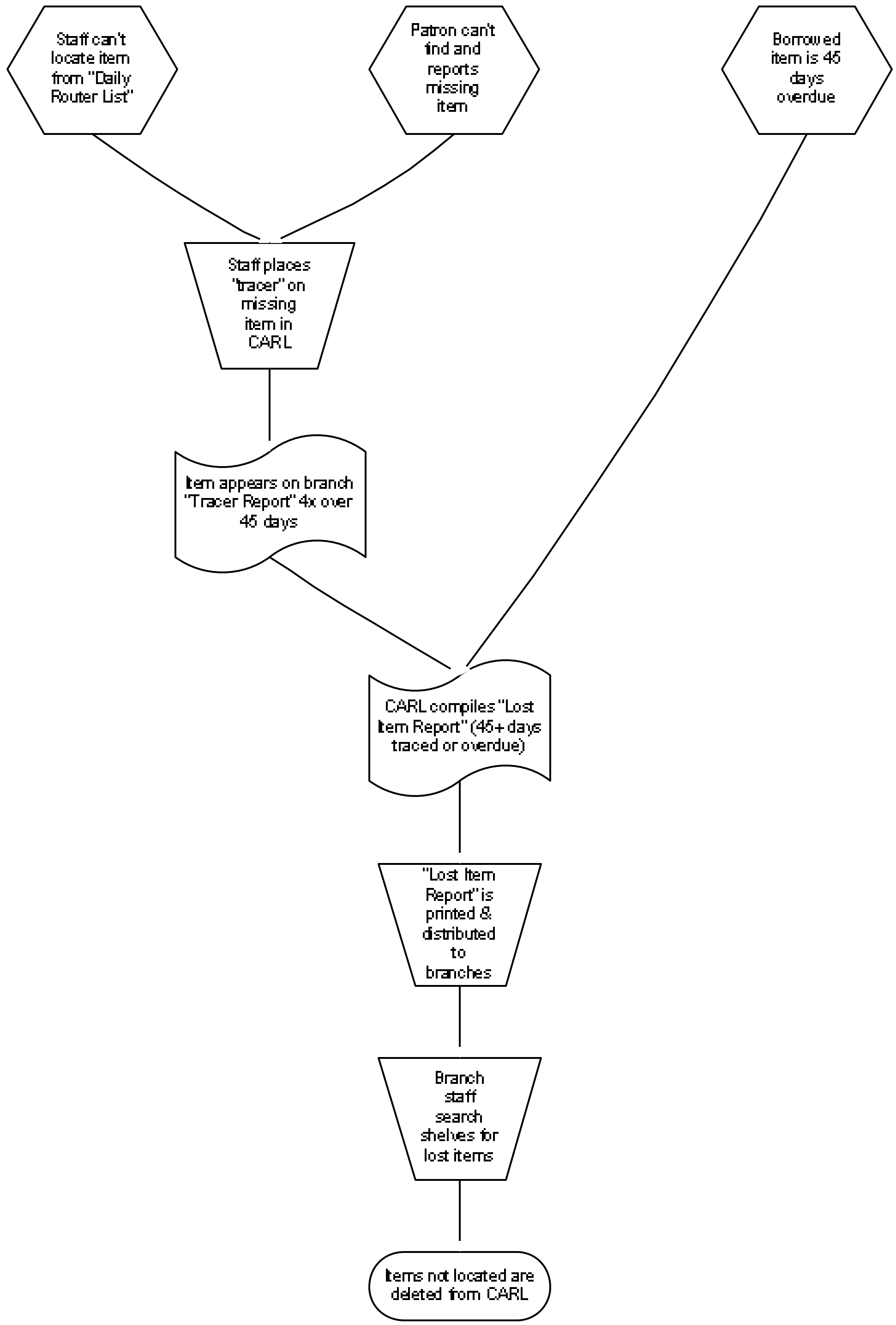
We obtained the most recent Lost Item Report, which was generated in January 2009, and found, of the 50,000 missing items reported, only 927 items originated from a "tracer." The remaining 49,000 items were checked-out but not returned by patrons. However, our review of the process revealed that the number of items that are actually missing from branches is underreported because many items may never make it to the Lost Item Report.

First, we found that branch staff do not consistently trace missing items. During the audit, we attempted to locate items at several branches and the Central Library. Branch staff were generally very helpful in assisting us, but did not consistently "trace" items that ultimately could not be located.

It appeared that items were more likely to be traced when we spoke with a librarian versus support staff. All branch staff should be familiar with the Library's policies for tracing items and equally responsible for ensuring missing items are traced. While the Library might want to limit the access rights to librarians for "tracing" items in CARL, all branch staff should be responsible for ensuring the librarian is apprised of missing items.

Second, we learned during our interviews that librarians may just delete an item from CARL that appears to be missing rather than "trace" it. The librarians stated that they review the CARL record to identify the last check-out date. If the item hadn't been checked-out in a long time, staff feel comfortable assuming the item is permanently lost. They indicated that it is not a good use of their time to search for these items 5 additional times (4 times on the tracer reports and once on the Lost Item Report). However, a deleted item will never appear on the Lost Item Report and, therefore, reduces the report's overall effectiveness as a collection management tool.

Exhibit 8
Lost Item Report



Lastly, we found that CARL did not automatically transfer items that appeared on 4 tracer reports over 45 days to the Lost Item Report. We obtained the December 4, 2008, tracer reports in hard-copy for 2 branches and identified 3 items that should have been electronically transferred to the January Lost Item Report but were not. Because CARL does not electronically store tracer information after the item is coded as lost, we could not identify whether the system failure was larger than what we identified. The Library is currently working with CARL support staff to identify and resolve this problem.

The Lost Item Report is a key collection management tool for librarians. It helps librarians identify the popular items that are missing and general collection gaps. For this report to be fully effective, the Library must take appropriate steps to ensure the report is as complete and accurate as possible.

Recommendations:

Library management should:

8. **Ensure all missing items are traced by:**
    a. **Training all staff on appropriate procedures for tracing items.**
    b. **Instructing staff to stop the practice of deleting missing items.**
9. **Continue to work with CARL support staff to ensure that all missing items that are traced 4 times appear on the Lost Item Report.**

Finding No. *7:* **The Library has not run the Dusty Book Report since Spring 2007.**

The Dusty Book Report identifies items that have not been checked out in over a year. Librarians interviewed during the audit consider the Dusty Book Report to be a very useful collection management tool because it helps them identify missing items, as well as items that may not be popular with patrons.

The Dusty Book Report is supposed to be generated annually; however, the Library stated that it has not printed the report since Spring 2007 because of insufficient funding for paper supplies. The Library stated that the Dusty Book Report must be printed on large "green bar" computer paper due to the amount of information it contains; however, "green bar" paper is roughly twice the cost of legal-sized paper.

To reduce printing expense and ensure the report is run regularly, the Library should consider different options for generating the report. The Library should ensure that the modified report has sufficient information to be effective but should identify data fields that could be eliminated. Without the Dusty Book Report and an accurate Lost Item Report, it is difficult for library staff to efficiently ensure that CARL accurately reflects inventory and that collections meet patrons' needs.

Recommendation:

Library management should:

10. **Explore whether the Dusty Book Report can be condensed to fit on less expensive, legal-sized paper and ensure that it is generated and printed annually.**

Finding No. 8*:* The Library does not consider loss rates when allocating branch budgets.

Branch budget allocations for FY 2008 – 2009 ranged as follows:

Community Branches	Regional Branches
$55,000 – $72,000	$66,000 - $84,000

Library staff indicated that because of leaner budgets in recent years, branch budgets have been divided relatively equally among branches - with some variation based on circulation and branch size. Although generally equal budgets seem fair and we did find a correlation between budgets and branch size and rate of circulation, the Library does not consider branch loss rates when allocating budgets, largely because the Library does not track what branches lose on an annual basis.

The Library prints the semi-annual Lost Item Report; however, the items are deleted from CARL after staff conduct a thorough search and confirm the items are indeed missing. Once deleted, a record of the item no longer exists and CARL does not capture general statistics of deleted items. Consequently, the Library could only identify total lost items annually by subtracting the number of items confirmed to be lost (after searching) from the total number listed on the Lost Item Report. While this is an acceptable way to record and report loss, it is somewhat more labor intensive than if CARL were capable of automatically tracking the information. However, the Library has not used this or any method to track lost items.

We reviewed the January Lost Item Report to obtain an indication of branch loss rates. We found on the report that branches with high loss rates, i.e. more than 1% of their collection on the Lost Item Report, had comparable budgets to branches with low loss rates, i.e. less than .25% of their collection. The branches with higher loss rates tended to have lower circulation rates, which initially could justify lower budgets. However, a branch that is missing a large number of items may not attract patrons, thereby contributing to lower circulation.

For example, if one branch loses a larger percentage of their collection than another branch but both branches have similar budgets, it will be more difficult for that first branch to build a desirable collection. The branch with the higher loss rate may have to spend a greater percentage of their budget just replacing popular items, while the other branch has more flexibility to use its budget to grow and build its collection. Items on the Lost Item Report are largely books and materials that patrons checked out so it is reasonable to conclude that these are items that patrons “want” in the collection.

Of the 9 branches that had more than 1% of their total collection listed on the Lost Item Report, 8 were in one region. Moreover, those 8 branches represented 60% of all branches in that region. Consequently, patrons in that entire region may not have access to collections of comparable quality that are available to patrons in other regions. Reducing potential gaps requires a combination of measures, including improving system-wide theft prevention, accurately tracking loss data and considering that information when allocating budgets.

None of the peer libraries surveyed track lost items or consider loss rates when allocating branch budgets. In addition, tracking this data appears to be a challenge for libraries. The Library may want to collaborate with other public library systems that use CARL to explore system modifications to track statistics on deleted items, including the reason it was deleted, i.e. lost or weeded from the collection. In the meantime, the Library should formally track lost items using the Lost Item Report. Using data about total loss, the Library should begin considering loss rates when allocating budgets.

<u>Recommendations:</u>

Library management should:

11. **Begin tracking annual loss rates and explore system modifications to facilitate tracking.**
12. **Consider branch loss rates when allocating budgets to ensure equitable distribution of resources among community and regional branches.**

SECTION IV: ACQUISITIONS AND PURCHASING FOR SYSTEM-WIDE ORDERS

Per the Administrative Code, the Library is exempt from the City's general purchasing requirements, which include selecting vendors through competitive bid and purchasing items through the General Services Department. Library books and materials are different from the typical products purchased by the City, such as office supplies, so it is reasonable that the Library's procurement process for books and materials does not follow the City's standard procedures. Only one of the peer libraries surveyed selects its primary vendors through competitive bid because it is required; however, this restriction is challenging since they still need to work with a variety of other vendors to fill specific needs.

Although the Library is exempt from the City's requirements, it should still meet the Charter and Administrative Codes' overarching intent to ensure vendor selection is fair and that the City's interests are adequately protected. We found that the Library's process for selecting vendors appears to be fair and based on sound economic judgment; however, the Library could do more to adequately protect the City's interests. Specifically, they should maintain formal agreements with their vendors and only pay vendors for those items that were actually received.

Vendor Selection

Payments to vendors for books and materials totaled $9.8 million in Fiscal Year 2007-2008. The Library has long-standing relationships with hundreds of vendors that it uses to purchase books and materials; however, 75% of purchases are generally made through 10 primary vendors. The three most frequently used vendors supply general interest fiction and nonfiction books and audio/visual materials. Other frequently used vendors provide subscription services, micro-film or fill foreign language needs. In addition, the Library utilizes a number of specialized vendors to fulfill unique items.

The Library's primary vendors send annual letters that outline discounts and fees. The Library also has access to the vendors' online databases and can view real-time information on the vendor's inventory, as well as verify the list price and discounted purchase price. The Library selects the vendors that will supply each book based on the number of copies in stock, the discount offered and the processing fees. The books are then loaded onto the Online Selection Assistant (OSA) for branches to make their selection.

After the OSA selection period is closed, purchase orders are batched and submitted electronically to the vendor. The vendors process the books for the library, which includes applying the necessary book covers, labels and barcodes. Vendors also ship the items directly to the ordering branch. Vendor processing and direct shipment expedites the availability of books to patrons; otherwise items would first need to be shipped to Central Library for in-house processing and then distributed to the branches.

Finding No. 9: The Library does not have formal agreements with vendors.

The Library obtains annual letters from its primary vendors offering set discount terms and processing fees. We reviewed a sample of 6 letters from vendors and noted that, with the exception of one that was signed by a Principal Librarian I, the Library did not sign the letters to formally accept the terms. In addition, the letters are not regularly reviewed by the City Attorney. All of the peer library systems maintain formal agreements with their vendors.

While the Library is exempt from City policies requiring formal selection of vendors through competitive bid, it should still make every effort to ensure the Department's interests, and more broadly the City's interests, are adequately considered and protected. Library staff stated that the City Attorney reviewed the letters several years ago and the wording was deemed sufficient. The Library was recently assigned a new City Attorney; this is now an opportune time for the Library to work with the new City Attorney to review the agreements to determine whether a more formal agreement is warranted and to ensure the language adequately protects the City.

<u>Recommendation:</u>

Library management should:

13. Work with the City Attorney to:

- **a. Determine whether a more formal agreement should be required, and**
- **b. Ensure the City's interests are adequately protected.**

Finding No. 10*:* The Library pays full invoice amounts on incomplete orders.

The Library has an efficient process for ordering books. In addition, vendor processing and shipment of books directly to branches expedites the availability of new books and materials to patrons. However, the Library's process for verifying receipt of items and paying vendors could be improved.

Upon shipment, the vendors change the order status directly in CARL to "in process," which lets patrons and Library staff know that the items are on the way. When the shipment arrives at the branch, staff confirm receipt of the items by scanning them into CARL and changing the status to "on shelf." Once Acquisitions' staff receive the vendor invoice, they check CARL to verify the items have an "on shelf" status and, as long as some of the titles are "on shelf," the entire invoice amount is approved for payment. Library staff indicated that payment on a large invoice is not delayed just because several copies of a title have not yet been scanned into CARL, particularly since "missing items" may have been received at the branch but staff accidentally misplaced it or put it on the shelf before scanning it into CARL.

The Library stated that vendors allow up to one year to request a replacement copy or refund; however, this is not defined in their agreements. Library staff also stated that they use quarterly reports listing items that have an "in process" status to request replacement items and refunds.

We reviewed invoices and payment documents relative to a vendor order for 5 titles (a total of 137 copies). We found that 3 copies still had an "in process" status in CARL in February 2009, even though the invoice for two of the copies was paid in November 2008 and the third in September 2008. Branch staff searched for the items – one had been accidentally shelved prior to being scanned into CARL but the other two could not be located at the time of testwork. Library management indicated that the items were subsequently located in the branches' workrooms.

Good cash management practices ensure that vendors are paid only for those items that have actually been received. Because items are shipped directly to branches, i.e. the receiving function is not centralized, the Library should establish a more formalized process for monitoring orders. For example, the Library should consider establishing an internal deadline that is in line with the invoice due date in which it would expect all branches to have received the shipment. The Library should identify which branches still have copies that are "in process" after that established deadline and promptly follow-up with the branch librarian. The Library should only approve a partial payment for partial shipments.

The Library should also formally establish in its agreements with vendors a timeframe from the initial invoice date that a replacement copy will be requested or the order cancelled.

Recommendations:

Library management should:

14. Only pay vendors for those items that were actually received.

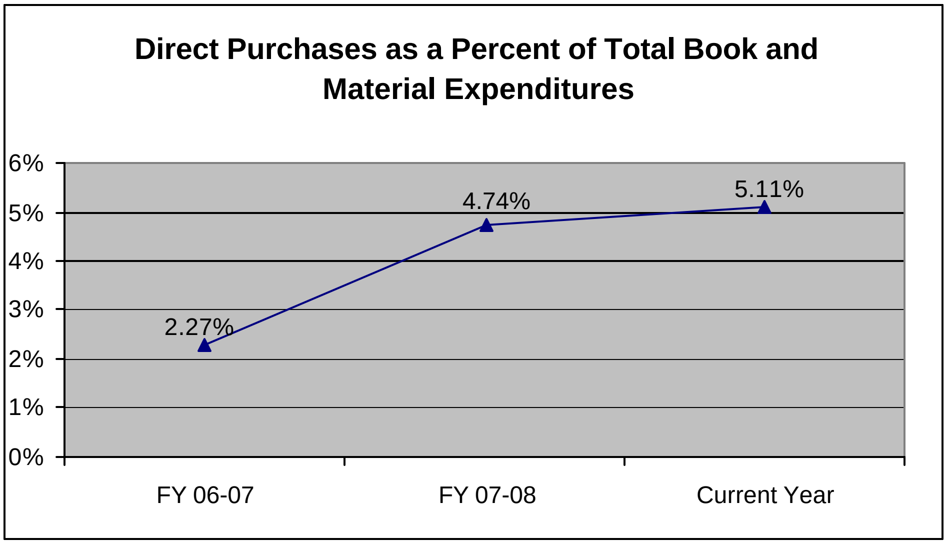
15. Formalize in its agreements with vendors:

- **a. That partial payments will be accepted, and**
- **b. An established timeframe from the initial invoice date the replacement copies will be requested or the order cancelled.**

SECTION V: DIRECT PURCHASING

In addition to ordering books and materials through the Library's system-wide Online Selection Assistant (OSA), branches have the option to purchase books and materials directly at local bookstores. As Exhibit 9 shows, direct purchases have steadily comprised a greater percent of total book and material expenditures, and totaled $468,000 in FY 2007-2008.

Exhibit 9



Prior to making a direct purchase, the branch librarian obtains a Purchase Order number from Acquisitions. The purchase order number is an internal control number that includes the branch identification number and collection level, i.e. Young Adult, Adult, Children. The purchase order number is used by Acquisitions to track expenditures by branch and deduct the expenditures from the allocated budget.

Finding No. 11*:* Direct Purchasing policies are vague and oversight is limited.

According to the Library's Direct Purchase Guidelines, the official purpose of this purchasing option is to fill "ephemeral collections" through the purchase of "mass-market paperbacks and CDs." The guidelines are vague and do not allow for a variety of situations in which direct purchasing might be prudent. Consequently, a disconnect seems to exist between branches' use of the option and the stated purpose. In addition, we found that there is no supervisory review or approval by Area Managers of the items that branches buy through direct purchase. One Area Manager said that they discuss estimated direct purchase expenditures, including amount and types of items, with branch librarians at the beginning of the year, but this appears to be the extent of their review.

We obtained invoices for several branches' direct purchases and found that branches were not consistently using this option to buy only mass-market paperbacks and CDs. We found a number of instances where branches purchased hard back novels and reference-type materials. One branch manager stated that they buy hard-backs when the paperback has not been released but it is a highly requested item that they want available immediately. Another branch manager indicated that they prefer to buy patron-requested books through Direct Purchase rather than place the item on the OSA list because it takes too long to receive the item.

There may be specific instances where it is appropriate to purchase items directly at a bookstore and other instances where it is more appropriate to order items through OSA; however, these situations are not identified in the guidelines. In addition, because purchases are not approved or monitored, it is impossible for the Library to ensure branches are using the Direct Purchase option for the intended purpose. Area Managers should review the purchase list prior to the branches' purchase to identify books that should be purchased through the OSA.

For example, we noticed in our Direct Purchase sample that several branches purchased copies of the same popular book. Because several branches needed copies of this item, it may have been more appropriate for the item to be purchased through OSA. Without clear guidelines and oversight of the process, it is difficult for branches to know which items are most appropriate for direct purchase.

The Library should identify common, necessary situations in which it would be more effective for branches to purchase items through Direct Purchase rather than through OSA. For example, a branch may need to quickly obtain books on a local school's reading list. The Library should revise the policy to provide more specific guidance to branches on when direct purchases are appropriate and ensure adequate oversight is provided.

Recommendations:

Library management should:

16. **Identify common, necessary circumstances where it is more effective for branch staff to purchase items through Direct Purchase than OSA.**
17. **Revise the current policies to provide more specific guidance to staff on the appropriate use of the Direct Purchase option.**
18. **Direct Area Managers to review Direct Purchase lists prior to the branch's purchase.**

Finding No. 12: The Library does not retain supporting documentation for Direct Purchase payments and invoices are not approved by the appropriate person.

The Library's Direct Purchase guidelines state that after the librarian returns from the bookstore with the purchased items, another librarian must verify that the books and the register tape match. The branch sends the register tape, which should be signed by the librarian who made the purchase and the librarian who verified the receipt, to Acquisitions. The vendor sends an invoice directly to Acquisitions. Acquisitions staff verifies that the register tape and invoice match; however, we found that Acquisitions does not retain the register tape after the invoice is paid. The Controller's Department User Manual states that all supporting documentation for payments should be retained for 3 years.

We also noted that the invoices were approved by a library assistant who had no role in verifying that the register tape was signed by branch staff and that the tape matched the invoice. The Library indicated that this individual used to have responsibility for reviewing and verifying invoices until being reassigned to a new position. The responsibility for signing the invoice stayed with the individual – not with the function. To ensure appropriate accountability, the person who actually performs the verification should sign-off on the invoices.

<u>Recommendations:</u>

Library management should:

19. **Retain supporting documentation for Direct Purchases for 3 years.**
20. **Direct the individual who is actually responsible for reviewing and verifying invoices to sign-off/approve the invoice.**

SECTION VI: BOOK RESERVATION SYSTEM

One of the key ways in which the Library ensures patrons have equal access to books is through the reservation system. Space and budget limitations make it impossible for each branch to have a copy of every published book on its shelves. The reservation system, however, enables patrons to obtain almost any circulating item at their local branch even if that branch does not own the item. The reservation system also allows branches the flexibility to use their budgets to build collections for the local community, while still providing patrons with access to the Library's entire collection. The reservation system process is illustrated in Appendix A, and described in the following section.

There are two distinct time periods in the reservation process. The first is the reservation wait list for an item. Very popular books might have a wait list of over 100 patrons and a wait time of several months. The second is the Library's process to fill the reservation request once an available copy is identified at a branch. While the Library has an adequate system to monitor and manage the reservation wait time; its process for filling the hold request once the patron is first in the queue could be improved.

Reservation System Overview

Patrons search CARL, the Library's online catalog, for books either from their home or a Library computer. When the patron finds their desired book, they have the option to place a "hold" on the item. Patrons must provide a library card number and password, and select the branch where they would like to pick up the item. Once the patron completes the hold request, CARL places them in the reservation queue.

CARL first searches the 6 branches closest to the pickup location for an available copy. If no copy is identified, CARL searches each branch in numerical order (each branch has a designated number) until an available copy is located. The following morning CARL automatically emails each branch a "router" list that identifies all books that staff need to pull from their shelves to satisfy patron reservation requests. The Library has an informal expectation that branch staff will pull all items on the router within one day.

If branch staff cannot locate an item, they "trace" it in CARL, which automatically puts the item on another branch's router the following day. An item will continue to appear on a branch's router until it is pulled to satisfy the hold request or it is traced. Once the items are pulled, branch staff scan them into CARL, which changes the item's status to "in transit," and place the items on a cart to be picked up by the Library's delivery drivers the following morning.

Delivery drivers work in one of 7 zones throughout the City. The drivers start at one of the library's two shipping hubs - Central Library and Mid-Valley branch. The drivers follow a specific route to deliver and pick up books. As the drivers pick up items along their route, they sort them into bins designated for: 1) other branches along the delivery route, 2) branches outside the zone, and 3) Central Library. Items destined for a branch outside the delivery zone are brought back to the hub to be sorted and loaded on the appropriate truck for delivery the following morning. The Library's workload indicators reported that, for the first 6 months of FY 08-09, delivery staff picked-up, sorted and delivered approximately 39,000 items each day.[1]

Finding No. 13: The Library does not evaluate "in-transit" times for reserved items.

The Library's reservation system is a great service to patrons, as it makes most circulating items available to patrons at their local branch. In FY 07-08, 1.5 million items were placed on hold by patrons. In its Strategic Plan, the Library listed increased usage of the reservation system by patrons as an objective, therefore it is a service that the Library considers important. As such, the Library should regularly evaluate how effectively the reservation system serves its customers.

Staff indicated that it is the Library's goal to have reserved items available for pick-up within 5 business days from the reservation date (assuming no wait list); however, the Library has not formalized this goal. Additionally, the Library does not evaluate how well it meets this goal because the system does not store important dates in the reservation process. While the system tracks the important dates, including when the patron placed the hold, when the item went in-transit and when the item was available for pick-up, this information is tracked to allow patrons real-time information on the status of their request through the Library's website. However, all information related to the hold is deleted as soon as the patron picks up the item.

We reserved 20 books (with no wait-list) to be delivered at various branches throughout the City to assess "in-transit" times. We calculated the number of business days between the date we placed the hold and the date the item was available for pick-up. We found that 65% of the items were available for pick-up within the Library's informal goal of 5 business days. The Library does not have an established target for meeting their 5 day goal; however, having less than two-thirds of requested materials available does not seem to indicate strong performance.

<u>Recommendations:</u>

Library management should:

21. Retain reservation milestones, including when:

a. Items appear on a branch's router,

[1] A book might be picked up by one delivery driver, brought to Central for sorting, then delivered to its destination by another delivery driver. This book would be recorded in the "pick-up" driver's log AND in the "drop-off" driver's log; therefore it is counted in the workload indicators twice. Consequently, the workload indicator is not the actual number of unique books that are transported daily.

b. **Items become “in-transit,” and**

c. **Items are available for pick-up.**

22. **Track the number of days between each milestone.**
23. **Establish a formal goal for the number of days in which an item will be available for pick-up.**
24. **Establish a target (expressed as a percent) for meeting that goal, e.g. 90% of all in-transit items will meet the established goal.**
25. **Routinely monitor how well the Department is meeting the goal.**

Finding No. 14 : The Library does not have a process to ensure branches pull books in a timely manner to satisfy patron holds.

Every morning, CARL automatically emails the router list to each branch identifying the items to be pulled from their shelves to satisfy patron hold requests. Once branch staff locate the items and scan them into CARL, the items are given an “in transit” status and will not appear again on the branch’s router. The Library has an unwritten expectation that branch staff should pull all items listed on the router within that same day and no more than two days later.

We obtained the router lists for all branches for five consecutive days – from Monday, December 15, 2008 to Friday, December 19, 2008. During the week, there was an average of 3,400 items on the routers per day or approximately 50 items per branch (including Central).

We established that if branches pulled the items on a daily basis as expected, no item should appear on a branch’s router for more than one day and should certainly not appear on the router for three or more consecutive days. As illustrated in Exhibit 10, Library staff did not consistently pull items on the router and scan them into CARL within one or two days, and 24 (33%) of the Library’s branches did not pull and scan items within 5 days.

Exhibit 10

Total Reserved Items Not Pulled by Library Staff within One Day

Two Days On Router		Three Days On Router		Four Days On Router		Five Days On Router	
Branches	Books	Branches	Books	Branches	Books	Branches	Books
66	1,300	61	675	38	213	24	126

When a branch takes several days to pull a reserved item, it unnecessarily extends the patron’s wait time. During the week reviewed, approximately 126 patrons[2] had to

[2] One patron may have placed multiple books on hold so the actual number of patrons may be less than 126.

wait 5 days for branch staff to pull their book. Library staff attributed the delay to reduced staffing levels during the winter holidays and that substitute and fill-in staff were not fully trained to perform all of the router procedures. Any temporary staffing shortages or unusual events can impact the branch's ability to pull all items within one day because the Library's first priority is to assist patrons who are physically in the branch. The Library stated that it has strengthened training for substitute staff to ensure the responsibility for clearing the router is adequately performed. In addition, we found that 100% of the 20 books we reserved during fieldwork were pulled within one day.

However, the Library should monitor the router lists to ensure branches are pulling items in a timely manner. Because the Library does not monitor the router lists, it is unable to promptly resolve problems or identify particular branches that do not pull items in a timely manner.

<u>Recommendations:</u>

Library management should:

26. **Formally establish a maximum number of days that that an item should be on a branch's router.**
27. **Develop a system to monitor router lists to identify items that have been on the router longer than the established timeframe and promptly resolve any exceptions.**

Finding No. 15*:* The Library's process for monitoring and resolving extended "in-transit" times is manual and cumbersome.

Once Library staff pull the items listed on the router and scan them into CARL, they are given an "in-transit" status. Delivery drivers pick up the items the following morning. If the item's pickup location is on the driver's route, it might be delivered that same day; however, if the item needs to go to Central Library for sorting, it might not be delivered for two days. When branch staff receive the delivery, they scan the items into CARL, which gives it an "available for pickup" status and triggers an automatic notification to the patron.

During the delivery process, an item might become misplaced. For example, branch staff might accidently re-shelve an item after it becomes in-transit or delivery drivers might mis-sort an item. We obtained the list of all items in-transit during the week of January 12, 2009, and found that there was an average of 44,000 items in-transit each day. Approximately 25% of those items had been in-transit 5 days or more, 15% were in-transit 10 days or more and 5% were in-transit 15 days or more.

The Library follows up on in-transit issues once an item has been in-transit more than 15 days. At the beginning of each week, CARL generates a report that lists all items that have been in-transit more than 15 days. The report is organized by the branch where the item was last checked-in and distinguishes between items that are in-transit to satisfy a patron hold and items that are being returned to the branch that "owns" the item[3].

The Library's process for reviewing the report and resolving issues is very manual and labor-intensive. Information Technology and Collection (ITC) staff review the hard-copy report and highlight the items satisfying a patron hold so that branch staff know to look for those items first. ITC staff then divide the report and send each branch its respective section. Branch staff search their shelves for the items on the list and if the items cannot be located, branch staff send an email to the Holds Management Office (HMO). Staff in HMO move the patron to the top of the hold list and trace the missing items. The patron's hold request will then appear on another branch's router the following day.

ITC staff also review the In-Transit over 15 Days Report to identify items that have been in-transit over 30 days. This task is not easily performed since staff must manually figure out from the hard-copy report what items have been in transit over 30 days based on the date the item went into transit. In addition, there could be over 1,000 items on the report. Once ITC Staff identify branches with items in-transit over 30 days, they send the branch librarian a memo with a firm reminder to search for the items.

Our testwork demonstrated that the process for resolving items in-transit over 15 days is largely effective. During the week, an average of 400 reserved items was in transit over 15 days; whereas an average of 40 items was in transit over 30 days. While the Library's process resolved protracted wait times for 90% of the reserved items in-transit over 15 days, it is very time consuming and it left about 40 patrons waiting more than 30 days for an item.

The Library should consider options to improve the efficiency of its process for resolving protracted in-transit times. Most simply, the Library should send the In Transit over 15 Days Report electronically to branches, similar to the router and the tracer reports, so that staff can immediately begin searching for the items.

The Library should also explore whether it is feasible to follow the same process for resolving items not satisfying a hold, i.e. items returning home. These items are automatically traced once they appear on the In-Transit over 15 Days Report and do not appear again on the following week's report. If the Library followed a similar process for patron holds, the items would appear on the In-Transit over 15 Days Report, traced, and the patrons automatically moved to the top of the hold list.

[3] Patrons can return an item to any Library branch. If an item is returned to a branch other the one that "owns" the item, it is returned to the "owning" branch by the delivery staff.

Recommendations:

Library management should:

28. **Explore options for automating the process to resolve items in transit for a protracted period of time.**
29. **Establish an absolute maximum number of days that an item should be in transit and ensure that no items exceed that threshold.**

SECTION VII: MERCHANDISING BOOKS AND MATERIALS

In its 2007-2010 Strategic Plan, the Library outlined a number of initiatives to improve the efficiency and effectiveness of operations. We assessed the accomplishments made on several initiatives relative to patron access to books, including expediting the purchase of new and popular material, revising circulation policies, and merchandising, which can be defined as promoting and displaying Library materials in a creative manner. While the Library has largely carried out these initiatives, we identified one issue relative to merchandising.

Finding No. 16: The quality of merchandising varies significantly by branch.

We observed merchandising displays at 9 branches and found that while all made a basic attempt to merchandise their materials, the quality of merchandising varied significantly by branch. For example, one branch had an attention-grabbing display near the checkout desk that highlighted children's books by using stuffed animals. The same branch also had several displays promoting various interests and events, e.g. crafts or St. Patrick's Day. Another had only a few minimally stocked displays throughout the branch.

Library staff cite several reasons for disparities. For example, busier branches have greater difficulty keeping their displays well-stocked because patrons are constantly removing those items for check-out. Another reason may be that creativity is an individual's unique trait.

To promote merchandising at branches, the Library provided a 2-hour merchandising training to all senior and principal librarians in Spring 2008. The Library also incorporates merchandising training into their orientation for new librarians and new senior librarians, and made merchandising materials available to branch staff through the intranet.

The Library included several operational initiatives in its Strategic Plan directed at improving merchandising, including allocating resources for training; it is clearly an area of priority. Further, good merchandising encourages patrons to browse and helps increase circulation, which is an objective in the Strategic Plan.

The Library should monitor branch merchandising endeavors and provide assistance to those branches that are at disadvantage because of the volume of visitors or staff talents. The Area Managers are in the best position to carry out this responsibility because they regularly visit branches in their region and can easily see which branches have good displays. They can then share good ideas and provide assistance to those branches that may need a little more guidance.

Recommendation:

Library management should instruct:

30. **Area Managers to regularly:**
    a. **Monitor merchandising at branches in their region,**
    b. **Identify branches with particularly good merchandising and those that may need assistance,**
    c. **Share good ideas and provide guidance to branches that have difficulty creating displays.**

Respectfully submitted,

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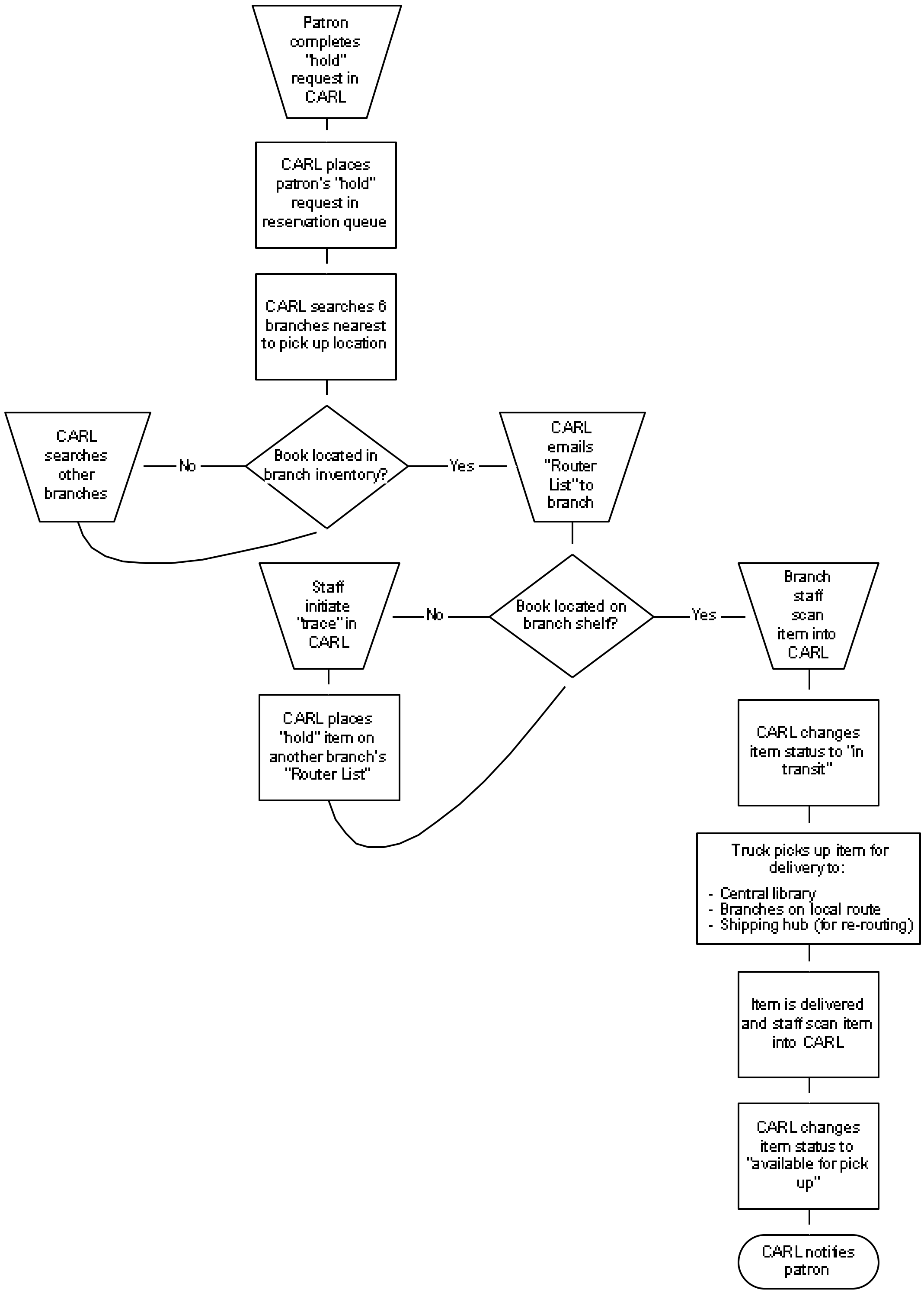
March 31, 2009

APPENDIX A
RESERVATION SYSTEM FLOW-CHART



APPENDIX B

PERFORMANCE AUDIT OF PUBLIC ACCESS TO THE LIBRARY'S BOOKS AND MATERIALS

Ranking of Recommendations

Finding Number	Description of Finding	Ranking Code	Recommendations
1	Branch librarians could more accurately identify community interests if additional patron usage statistics were tracked.	N N	Library management should: 1. Track in-library use data and regularly provide reports to branches. This can be accomplished by using capabilities provided by CARL. 2. Track data on materials reserved by patrons and regularly provide reports to branches to identify information such as author, genres and subject area.
2	Branches' collection development goals are not formalized.	N	Library management should instruct: 3. Branch librarians to develop formal collection development goals annually that support the system-wide policy yet are reflective of specific communities.
3	The Library should improve its system-wide material fund planning sheet to ensure branches effectively plan and allocate budgets.	N	Library management should: 4. Develop a template and standard guidelines, with input from branch librarians, to allocate budgets and track expenditures.
4	Branches do not formally evaluate purchases.	N	Library management should: 5. Explore the feasibility of providing regular order status reports to branches.

Finding Number	Description of Finding	Ranking Code	Recommendations
		N	6. Direct branches to evaluate purchases against collection development goals and formally report results to the Area Manager and the Branch Library Services.
5	The Library's theft prevention for DVDs and Audio Books could be strengthened.	N	Library management should direct: 7. Branch management and Central's Popular Library to improve safeguards over audio/visual materials to prevent theft.
6	The Lost Item Report does not accurately reflect items missing from branch libraries.	N	Library management should: 8. Ensure all missing items are traced by: a. Training all staff on appropriate procedures for tracing items. b. Instructing staff to stop the practice of deleting missing items.
		N	9. Continue to work with CARL support staff to ensure that all missing items that are traced 4 times appear on the Lost Item Report.
7	The Library has not run the Dusty Book Report since Spring 2007.		Library management should:
		N	10. Explore whether the Dusty Book Report can be condensed to fit on less expensive, legal-sized paper and ensure that it is generated and printed annually.
8	The Library does not consider		Library management should:

Finding Number	Description of Finding	Ranking Code	Recommendations
	loss rates when allocating branch budgets.	N N	11. Begin tracking annual loss rates and should explore system modifications to facilitate tracking. 12. Consider branch loss rates when allocating budgets to ensure equitable distribution of resources among community and regional branches.
9	The Library does not have formal agreements with vendors.	U	Library management should: 13. Work with the City Attorney to: a. Determine whether a more formal agreement should be required, and b. Ensure the City's interests are adequately protected.
10	The Library pays full invoice amounts on incomplete orders.	U N	Library management should: 14. Only pay vendors for those items that were actually received. 15. Formalize in its agreements with vendors: c. That partial payments will be accepted, and d. An established timeframe from the initial invoice date the replacement copies will be requested or the order cancelled.
11	Direct Purchasing policies are		Library management should:

Finding Number	Description of Finding	Ranking Code	Recommendations
	vague and oversight is limited.	N N N	16. Identify common, necessary circumstances where it is more effective for branch staff to purchase items through Direct Purchase than OSA. 17. Revise the current policies to provide more specific guidance to staff on the appropriate use of the Direct Purchase option. 18. Direct Area Managers to review Direct Purchase lists prior to the branch's purchase.
12	The Library does not retain supporting documentation for Direct Purchase payments and invoices are not approved by the appropriate person.	N N	Library management should: 19. Retain supporting documentation for Direct Purchases for 3 years. 20. Direct the individual who is actually responsible for reviewing and verifying invoices to sign-off/approve the invoice.
13	The Library does not evaluate "in-transit" times for reserved items.	N	Library management should: 21. Retain reservation milestones, including when: a. Items appear on a branch's router, b. Items become "in-transit," and c. Items are available for pick-up.
		N N	22. Track the number of days between each milestone. 23. Establish a formal goal for the number of days in which an item will be

Finding Number	Description of Finding	Ranking Code	Recommendations
			available for pick-up.
		N	24. Establish a target (expressed as a percent) for meeting that goal, e.g. 90% of all in-transit items will meet the established goal.
		N	25. Routinely monitor how well the Department is meeting the goal.
14	The Library does not have a process to ensure branches pull books in a timely manner to satisfy patron holds.		Library management should:
		N	26. Formally establish a maximum number of days that that an item should be on a branch's router.
		N	27. Develop a system to monitor router lists to identify items that have been on the router longer than the established timeframe and promptly resolve any exceptions.
15	The Library's process for monitoring and resolving extended "in-transit" times is manual and cumbersome.		Library management should:
		N	28. Explore options for automating the process to resolve items in transit for a protracted period of time.
		N	29. Establish an absolute maximum number of days that an item should be in transit and ensure that no items exceed that threshold.
16	The quality of merchandising varies significantly by branch.		Library management should instruct:

Finding Number	Description of Finding	Ranking Code	Recommendations
		D	30. Area Managers to regularly: a. Monitor merchandising at branches in their region, b. Identify branches with particularly good merchandising and those that may need assistance, c. Share good ideas and provide guidance to branches that have difficulty creating displays.

Description of Recommendation Ranking Codes

U- Urgent-The recommendation pertains to a serious or materially significant audit finding or control weakness. Due to the seriousness or significance of the matter, immediate management attention and appropriate corrective action is warranted.

N- Necessary- The recommendation pertains to a moderately significant or potentially serious audit finding or control weakness. Reasonably prompt corrective action should be taken by management to address the matter. The recommendation should be implemented within six months.

D- Desirable- The recommendation pertains to an audit finding or control weakness of relatively minor significance or concern. The timing of any corrective action is left to management's discretion.

N/A- Not Applicable