

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Management Audit of the Public Library System

Summary

The Hawaii State Legislature requested the Office of the Auditor to conduct a financial and management audit of the Hawaii State Public Library System through Senate Concurrent Resolution No. 171, Senate Draft 1, House Draft 1, Conference Draft 1 of the Regular Session of 1997. This is our report on the management audit.

The state librarian responded to declining general fund appropriations by implementing two reform efforts, Project SLIMMER and reengineering. We found that the state librarian and the Board of Education did not guide these reforms and related contracts effectively.

The state librarian's attempt to seek innovative ways of increasing efficiency of the system is commendable. However, he did not successfully plan and implement the reform efforts, consequently undermining their purpose and goals. One consequence of his poor planning and his management approach is a high level of staff dissatisfaction. We also found that his hasty decisions on reform could have been averted by his higher authority, the Board of Education.

We found that State Library Innovations: A Model for Maximizing Employees and Revenues (Project SLIMMER) failed to achieve its goals of increasing decision-making authority at the individual libraries and did not increase non-general fund revenues as much as intended. The revenues that were raised were not returned to the libraries as the law requires.

Concerning reengineering, we found that the redeployment of staff from non-customer-contact positions to the individual libraries has not demonstrated improved customer service and cost savings. Hastily contracting for services without establishing management controls has undermined performance and increased costs. Cost savings from the Baker & Taylor contract have not been proven. Little provision was made to catalog over \$1 million in new materials. Duplicate, rather than new, titles were purchased with emergency funds because of the huge backlog of uncataloged materials.

We found that staff dissatisfaction with the reform efforts and with the state librarian is widespread. His questionable decisions and concerns about the special assistant position, may be contributing to the dissatisfaction.

Finally, we found that the Board of Education did not meet all its responsibilities for the library system. The board approved the reform projects without sufficient review. It also approved a major outsourcing contract with Baker & Taylor after inadequate review in spite of strong indications that the company would be unable to meet its obligations.

Recommendations and Response

We recommend that the state librarian plan for the future of the library system by identifying the procedural and structural changes that will improve operations. He should plan in comprehensive detail the steps needed to guide any change. Moreover, the state librarian should ensure meaningful input from library staff, establish criteria for enhanced services, and ensure that enhanced services fees go to the libraries. He should ensure more effective planning for library material acquisition, selection, and cataloging. He should also develop management controls to assess whether vendors provide contracted goods and services on a regular basis. He should reconsider personal decisions—such as inviting his wife to key meetings—that can create negative perceptions. In addition, we recommend the Board of Education more closely review (1) major policy and management initiatives of the library system and (2) proposed contracts. The board and state librarian should examine the position of special assistant to ensure that if the position is needed, the resources committed to it are used as productively as possible. The Automation Advisory Group should assess how management information needs can be met.

The Board of Education responded that the audit raises concerns that it will address. The board says it will closely scrutinize all future library system contracts and major initiatives prior to board approval. The state librarian said the nine recommendations in our draft report were sound, reasonable, and already under way. However, he hoped for modifications in the findings and recommendations based on information he provided. We stand by our findings and recommendations with a few modifications to the draft report.

Marion M. Higa
State Auditor
State of Hawaii

Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813
(808) 587-0800
FAX (808) 587-0830