CHAPTER 6

Leisure and Cultural Services Department

Provision of public library services

Audit Commission
Hong Kong
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PROVISION OF PUBLIC LIBRARY SERVICES

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PART 1: INTRODUCTION

1.1   This PART describes the background to the audit and outlines its objectives and scope.

Background

1.2   Under section 105K of the Public Health and Municipal Services Ordinance (Cap. 132), the Director of Leisure and Cultural Services is responsible for the management and control of public libraries in Hong Kong. The Leisure and Cultural Services Department (LCSD) aims to provide, manage and develop public library services to:

(a)   meet community needs for education, information, research and recreation;

(b)   offer library extension activities to all ages; and

(c)   promote reading and literary arts.

Hong Kong Public Libraries

1.3   Libraries managed by the LCSD are collectively known as the Hong Kong Public Libraries (HKPL). As at December 2006, the LCSD provided a network of 76 libraries (including 10 mobile libraries) in Hong Kong to provide convenient access to library services for people of all age groups and walks of life. The network comprises:

(a)   the Hong Kong Central Library (see Photograph 1), which is the principal information and resource centre;

(b)   five major libraries, which provide similar services of district libraries (see item (c)) but on a larger scale. They also provide a full range of reference services which are not available in district libraries;

(c)   28 district libraries, which provide standard library services to serve the general needs of the residents of the districts;

(d)   32 small libraries, which serve as additional service points to supplement district libraries; and

(e)   10 mobile libraries, which serve small groups of population, remote locations, and areas without static libraries.

Photograph 1

The Hong Kong Central Library

Source: LCSD records

1.4   The collections of the HKPL include books, audio-visual materials, newspapers, periodicals, CD-ROM databases, microforms and maps. As at December 2006, there were 11.9 million library items (including 1.5 million multimedia items). In 2006-07, total expenditure on the provision of public library services was estimated at $687 million. The expenditure on the acquisition of library materials in 2006-07 was estimated at $86 million.

1.5   The HKPL provides a range of services, including lending service, newspapers and periodicals service (see Photograph 2), and reference service. The major and district libraries also provide other facilities, such as computer and information centres, and multimedia information services.

Photograph 2

Newspapers and periodicals service in a public library

Source: LCSD records

1.6   Public libraries are interconnected by the Library Automation System (LAS), which is a computerised library system with functions in Chinese and English. The LAS is the HKPL's core system for managing library operations, such as maintenance of registered borrowers, acquisition and maintenance of library materials, and processing of loan transactions. The LAS also provides a catalogue search service at libraries and through the Internet.

2002 audit review of the Hong Kong Public Libraries

1.7   In 2002, the Audit Commission (Audit) conducted a review of the HKPL. The results of the review were included in Chapter 3 of Report No. 39 of the Director of Audit of October 2002. The audit revealed that there was room for improvement in areas such as additions to and management of library collections.

Latest developments

1.8　　　In his 2005-06 Policy Address, the Chief Executive announced that District Councils (DCs) would be allowed to assume responsibility for the management of some district facilities (including libraries), within the limits of the existing statutory powers and resources of the executive departments. In the 2006-07 Policy Address, it was stated in the Policy Agenda that the Government would involve DCs in the management of designated district facilities by implementing a pilot scheme from January 2007, which would pave the way for full implementation in all 18 districts from January 2008.

Audit review

1.9　　　Against the above background, Audit has recently conducted a review to examine the economy, efficiency and effectiveness of the provision of public library services. In this review, apart from following up issues raised in the 2002 audit review (see para. 1.7), Audit placed emphasis on stocktakes in libraries (see PART 2), and the collection of library fees and charges (see PART 5). The review has covered the following areas:

(a)　　　management of library collections (PART 2);

(b)　　　acquisition of library materials (PART 3);

(c)　　　processing of new library materials (PART 4);

(d)　　　collection of library fees and charges (PART 5);

(e)　　　other areas for improvement in public library services (PART 6); and

(f)　　　strategic planning and performance management (PART 7).

Audit has found areas where improvement can be made and has made a number of recommendations to address the issues.

General response from the Administration

1.10　　　The **Director of Leisure and Cultural Services** generally agrees with the audit observations and accepts the recommendations. He has said that he is grateful to Audit for working with the LCSD to explore opportunities for improving value for money of its services and facilities.

Acknowledgement

1.11　　　Audit would like to acknowledge with gratitude the full cooperation of the staff of the LCSD during the course of the audit review.

PART 2:   MANAGEMENT OF LIBRARY COLLECTIONS

2.1   This PART examines the HKPL's management of library collections.

Collections management

2.2   An important asset of the HKPL is its library collections. Following good asset management practices, the HKPL needs to establish sound systems and procedures to safeguard its collections. In order to maximise the service potential of this asset, the HKPL also needs to develop and maintain its library collections to best meet the community needs.

Collection Development Board

2.3   The Collection Development Board (CDB — Note 1) of the HKPL is the principal body for overseeing and coordinating the stock building activities of the HKPL. The CDB is chaired by a Chief Librarian and its members are staff of the Librarian grade.

Collection Development Plan

2.4   For each financial year, a Collection Development Plan is prepared and approved by the CDB. The plan consists of three parts. Parts one and two provide the planned numbers of library items to be acquired for and withdrawn from individual libraries. Part three contains lists of subjects for which collections are to be strengthened for individual libraries.

Note 1:   *The CDB holds monthly meetings and has the following terms of reference:*

(a)   to formulate, review and update the acquisition policy and the collection development strategy to best meet the community needs;

(b)   to review the existing library collections and formulate guidelines for library staff;

(c)   to apportion the funds available for various types of library materials;

(d)   to consider and approve selections proposed by subject librarians and branch librarians, and suggestions of members of the public; and

(e)   to consider and approve acceptance of donations from members of the public.

Audit examination of issues on collections management

2.5   In this review, Audit has examined issues on the HKPL's collections management and found that there is room for improvement in the following areas:

    (a)   stocktaking of library collections (see paras. 2.6 to 2.26); and

    (b)   development of library collections to meet the community needs (see paras. 2.27 to 2.37).

Stocktaking of library collections

Purpose of stocktaking

2.6   Stocktaking is an integral part of good asset management. It aims to check the physical existence and condition of a stock for comparison with the stock records. It verifies the accuracy of stock records and detects stock deterioration and losses. For the management of library collections, stocktaking serves similar purposes. In addition, stocktaking of library collections helps maintain the accuracy of the catalogues of library materials, which facilitate users to search and retrieve library items.

Library stocktakes not conducted

2.7   According to the LCSD, a number of stocktakes had been conducted in three of the public libraries in the 1980s when they were under the management of the ex-Municipal Councils. However, since taking over the management of public libraries in January 2000, the LCSD has not conducted any stocktakes in public libraries.

2.8   At present, the HKPL finds out about missing library items when an item requested by a library user is not at its designated location. In that situation, the status of the item is set as "under-trace". Library staff will try to locate the under-trace item in the ensuing 12 months. If the item is not located, it will be written off. As at December 2006, there were some 54,000 under-trace library items, representing 0.5% of the 11.9 million items in the HKPL's collections (see para. 1.4). However, in the absence of a comprehensive stocktaking of library collections, the actual missing rate of library items is not known.

ICAC recommendation on library stocktakes

2.9   When the LCSD was established in 2000, the LCSD considered it necessary to invite the Independent Commission Against Corruption (ICAC) to assist in reviewing the selection, acquisition and control of library materials. It was recommended in the report of the ICAC review that the HKPL should conduct stocktakes at regular intervals by phases. However, the LCSD did not implement this recommendation. In its response to Audit's enquiries in January 2007, the HKPL explained that library stocktakes had not been conducted due to the following concerns:

   (a)   library materials were directly accessible by the public and highly mobile. Therefore the stocktaking result would become outdated at the next minute;

   (b)   to overcome the problem mentioned in (a) above, a library might have to be closed and its stock frozen temporarily for the period of time of the stocktakes, in order to obtain an accurate stocktake result;

   (c)   the stock of library materials was large and the "under-trace" element of the computer system described in paragraph 2.8 already gave an indication of the situation regarding missing library items;

   (d)   unless phased over a period of time, stocktaking:

      (i)   required a large amount of manpower; and

      (ii)   might consume a large amount of computer resources; and

   (e)   the percentage of missing items was small (see para. 2.8).

Audit observations

Need to conduct regular checking of inventories of library materials

2.10   Library materials, being government stores, are subject to the accounting and control procedures set out in the Government's Stores and Procurement Regulations (SPRs). In January 2007, in response to Audit's enquiry, the Government Logistics Department (GLD) advised that:

   (a)   library materials are owned by the LCSD and are treated as government stores;

   (b)   the Director of Leisure and Cultural Services is responsible under SPR 125(a) for the general supervision and control of stores and stores accounts under his control;

(c)   on the understanding that the LCSD has put in place computer systems to control the operations of library materials including library books, the GLD takes it that library materials are regarded by the LCSD as departmental control stores held on departmental charge; and

(d)   in accordance with SPR 750(c)(i), if library materials are regarded by the LCSD as departmental control stores held on departmental charge, then library materials should be accounted for in accordance with SPR 720, i.e. subject to the same control procedures as for inventory stores.

2.11   Therefore, in accordance with the accounting procedures for general inventory items under SPR 715(b), the LCSD should arrange to check inventories of library materials at least once a year and ensure that any discrepancies are properly dealt with.

2.12   **In the light of the GLD's advice, Audit considers that the reliance of the HKPL on the "under-trace" element of its LAS is inadequate to meet the objective of good inventory control. The HKPL needs to re-examine the need for conducting regular checking of inventories of library materials.** In view of the large quantity of library materials involved (11.9 million items — see para. 1.4), the LCSD may consider adopting a phased approach in conducting the checking, focusing on high-value items and those items that are difficult to replace.

Library stocktakes conducted by Audit

2.13   In this review, Audit visited six libraries in late 2006 and early 2007. The libraries selected for audit visits comprise:

(a)   the Hong Kong Central Library (Library A);

(b)   one major library (Library B);

(c)   two district libraries (Library C and Library D); and

(d)   two small libraries (Library E and Library F).

Library C and Library E have been included in the pilot scheme to involve DCs in the management of public libraries (see para. 1.8).

2.14   *Two approaches of stocktakes adopted by Audit.*   When conducting stocktakes of the collections of the six libraries, Audit adopted two approaches, as follows:

(a)   *Stocktakes of a random sample of library items — Approach A.*   The purpose of Approach A stocktakes was to ascertain the percentage of missing or misplaced (Note 2) items. Approach A stocktakes were conducted in all the six libraries visited by Audit; and

(b)   *Stocktakes of all items of selected collections — Approach B.*   The purpose of Approach B stocktakes was to compare the stock records of the LAS with the actual stock on shelf in respect of selected classification numbers. Approach B stocktakes were conducted in the two district libraries visited by Audit (i.e. Library C and Library D).

2.15   *Results of Audit's stocktakes.*   Table 1 shows the results of the Approach A stocktakes, and Table 2 shows those of Approach B.

Note 2:   *In the context of these audit stocktakes, misplaced items were those items which could not be found on the shelves as indicated in the LAS records, but were subsequently located by library staff in other places after the stocktakes. For items which could not be located within one week after the stocktakes, they were counted as missing items.*

Table 1

Results of Approach A stocktakes conducted by Audit

Library	Sample size (Note 1)	Missing items (Note 2)	Misplaced items (Note 2)
Library A	300	2 (0.7%)	—
Library B	300	3 (1.0%)	5 (1.7%)
Library C	150	4 (2.7%)	16 (10.7%)
Library D	150	**7 (4.7%)**	4 (2.7%)
Library E	150	5 (3.3%)	15 (10.0%)
Library F	150	4 (2.7%)	—
Overall	**1,200**	**25 (2.1%)**	**40 (3.3%)**

Source: Audit stocktakes

Note 1: In carrying out these stocktakes, Audit selected from the LAS a random sample of on-shelf library items for checking (in the presence of library staff) to ascertain whether the items could be found on the shelves, as indicated in the LAS records.

Note 2: See Note 2 to paragraph 2.14(a) for the definition of missing/misplaced items.

Table 2

Results of Approach B stocktakes conducted by Audit

Collection items selected (Note 1)		Sample size (Note 1)	Missing items (Note 2)	Misplaced items (Note 2)
Library C	Chinese materials	1,205	26 (2.2%)	22 (1.8%)
	English materials	795	9 (1.1%)	7 (0.9%)
Library D	Chinese materials	1,489	64 (4.3%)	4 (0.3%)
	English materials	1,343	29 (2.2%)	1 (0.1%)
Overall		**4,832**	**128 (2.6%)**	**34 (0.7%)**

Source: Audit stocktakes

Note 1: In carrying out these stocktakes, Audit selected certain library material classification numbers (e.g. classification numbers for English library materials on economics). For the selected classification numbers, Audit extracted from the LAS the list of on-shelf library items, and also compiled a full list of items actually found on the shelves concerned (by scanning the barcodes of the items in the presence of library staff). Audit then performed a matching of these two lists to highlight discrepancies.

Note 2: See Note 2 to paragraph 2.14(a) for the definition of missing/misplaced items.

2.16   The Approach A stocktakes covered random samples of library items in all the six libraries (see para. 2.13). The results of Approach A stocktakes may reflect the stock position of the HKPL's collections as a whole. As shown in Table 1, the overall percentage of missing items was 2.1%, and that of misplaced items was 3.3%. However, the percentages of missing items and misplaced items varied among the six libraries. In particular, Library D (a district library) recorded the highest percentage of missing items (4.7%).

2.17   The results of the Approach A stocktakes show that the actual missing rate of library items (2.1%) was much higher than that indicated by the percentage of under-trace items (0.5%) which were mainly identified through user requests (see para. 2.8). **Audit considers that the LCSD needs to follow up the missing items identified in Audit's stocktakes and take necessary remedial measures, particularly for those libraries which have relatively higher percentages of missing or misplaced items.**

2.18   The Approach B stocktakes focused on a few selected ranges of library items (i.e. items on a few selected shelves) in only two district libraries. The results may not reflect the stock position of the HKPL's collections as a whole. However, these stocktake exercises have illustrated that the HKPL can conduct library stocktakes, without unduly affecting the services to library users, by means of a phased approach and with the help of portable barcode readers. As the library staff concerned also participated in these stocktakes, this experience in library stocktakes by phases will be useful to the LCSD in planning future library stocktakes.

2.19   In the two Approach B stocktakes, Audit also noted that:

(a)   a number of under-trace items (15 for Library C, and 2 for Library D) were found on the shelves. This shows that Approach B stocktakes can help the HKPL locate under-trace or missing items; and

(b)   a number of items (12 for Library C, and 3 for Library D) under other classification numbers were found on the shelves of the selected classification numbers. This shows that these Approach B stocktakes can help the HKPL locate misplaced items.

Need to incorporate a stocktaking function in the library computer system

2.20   The LAS is a computerised library system using barcoding technology. Each library item has a unique barcode label affixed on it. The barcode can be captured by scanning the label. The scanning is carried out manually and only one label can be scanned at a time. At present, there is no stocktaking function in the LAS.

2.21   Audit notes that the barcoding system of the LAS is not conducive to performing an efficient stocktaking function. (As mentioned in paragraph 2.9, the HKPL had not conducted stocktakes due to a number of concerns, including the large amount of manpower and computer resources required.) However, there is a newer technology known as Radio Frequency Identification (RFID — Note 3) which may offer better stock management capabilities than the barcoding technology. The RFID technology has been progressively adopted in the logistics industry.

Note 3:   *RFID is an item identification technology that uses radio waves to automatically identify objects. Information of a particular item is stored in an RFID electronic tag affixed to the item, and can be read by a reading device regardless of the item's position.*

2.22   Audit's research shows that in recent years, many libraries elsewhere have taken advantage of, or are planning to make use of the RFID technology in library management. Appendix A shows examples of such libraries.

2.23   In March 2006, the LCSD completed a feasibility study on the replacement and enhancement of the LAS.   According to the findings of the feasibility study, the RFID technology has the following major strengths in the provision of public library services:

(a)   more user-friendly self-borrowing and returning processes;

(b)   more accurate and faster sorting and shelving of library materials; and

(c)   more efficient stock management and stocktaking.

2.24   According to the recommendations of the feasibility study, the RFID technology can be adopted by phases after the replacement of the LAS by a new system.   As at February 2007, the LCSD had already secured funding approval from the Legislative Council (LegCo) to launch a pilot RFID scheme in 2010, after the replacement of the LAS in December 2009.   Subject to the results of the pilot scheme, the LCSD is planning to introduce the RFID technology for use in all its libraries.   **As the RFID technology helps locate specific library materials readily and can assist library staff in stocktaking, the LCSD needs to consider incorporating a stocktaking function in the future in its RFID systems, if adopted.**

Audit recommendations

2.25   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

(a)   **re-examine the need for conducting regular checking of inventories of library materials;**

(b)   **follow up the missing items identified in Audit's stocktakes and take necessary remedial measures, particularly for those libraries which have relatively more missing or misplaced items; and**

(c)   **consider incorporating a stocktaking function in the future in the RFID systems, if adopted by the HKPL.**

Response from the Administration

2.26   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

(a)   regarding paragraph 2.25(a), in view of the large quantity of library materials involved (11.9 million items as at 2006), there is a need to consider using cost-effective measures in stocktaking to save manpower and financial resources, as well as to avoid affecting services to the public. The HKPL will consider adopting a sampling approach in stocktaking such as that mentioned in paragraph 2.18 and focusing primarily on high-value items as well as those items which are difficult to be replaced. He has also explained that:

(i)   the LCSD had not conducted any stocktaking in the past because stocktaking, even by sampling, would involve a thorough checking of the entire library stock before any suspected missing items could be ascertained;

(ii)   through locating books on shelves against the library catalogues, making book reservations, locating reference materials in reference libraries and stock-editing of library materials in libraries would in some way serve the purpose of random checking of stocks as any materials found unaccounted for will be recorded and traced;

(iii)   in view of the resources implications and interruption to service for the public during stocktaking, the HKPL has so far not conducted regular stocktaking exercises; and

(iv)   to ensure security of the library stock, the HKPL has installed book detection systems as an effective measure to prevent library materials from being removed from libraries without proper check-out; and

(b)   the HKPL has already started actions to trace the missing items identified in Audit's stocktakes (see para. 2.25(b)).

Development of library collections to meet community needs

2.27   The 1994 Public Library Manifesto of the International Federation of Library Associations and Institutions (IFLA — Note 4) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO — Note 5) states that "a clear policy (for the public library) must be formulated, defining objectives, priorities and services in relation to the local community needs".   In developing and maintaining its library collections to meet the local community needs, the HKPL has laid down in its acquisition policy the following guidelines on the mix of library collection materials (see also paras. 3.3 and 3.4):

   (a)   a proportion of 80% to 20% for Chinese books to English books;

   (b)   a proportion of 70% to 30% for books for adults to books for children;

   (c)   a proportion of 75% to 25% for non-fiction books to fiction books;

   (d)   reference books should be 20% of the total stock of books; and

   (e)   multimedia materials should be 10% of the total stock.

In March 2007, the LCSD advised Audit that these guidelines were not HKPL's targets as such, but were "general references" as what each library should offer.   Hereinafter, the proportions set out in items (a) to (e) above are referred to as "reference proportions".

**Comparison between reference and
actual proportions of library materials**

2.28   Audit compared the reference proportions mentioned in paragraph 2.27 with the actual proportions of library materials as at 30 September 2006 (see Table 3).

Note 4:   *The IFLA is the leading international body representing the interests of library and information services and their users.   The aims of the IFLA are to: (a) promote high standards of provision and delivery of library and information services; (b) encourage widespread understanding of the value of good library and information services; and (c) represent the interests of its members throughout the world.*

Note 5:   *The UNESCO is an agency of the United Nations.   The main purpose of the UNESCO is to contribute to peace and security by promoting collaboration among nations through education, science and culture.*

Table 3

**Comparison between reference and actual proportions of library materials
(30 September 2006)**

Library materials			Reference proportion	Actual proportion
(a)	Proportion of Chinese books to English books	Chinese	**80%**	**72%**
		English	**20%**	**28%**
(b)	Proportion of books for adults to books for children	Adults	70%	72%
		Children	30%	28%
(c)	Proportion of non-fiction books to fiction books	Non-fiction	75%	71%
		Fiction	25%	29%
(d)	Proportion of reference books to total stock of books		20%	18%
(e)	Proportion of multimedia materials to total stock		10%	12%

Source: LCSD records and Audit analysis

2.29   Table 3 shows that there were variances between the actual proportions and the reference proportions. In particular, as shown in item (a) of Table 3, the actual proportion of Chinese books to English books was 72% to 28% (i.e. 2.6 : 1), which deviated considerably from the reference proportion of 80% to 20% (i.e. 4 : 1).

**Comparison between reference and
loan proportions of library materials**

2.30   The current reference proportions mentioned in paragraph 2.27 have been adopted by the HKPL since the LCSD took over the management of public libraries in January 2000. While the HKPL has committed to review periodically these reference proportions (see para. 3.4), they have so far remained unchanged. Audit analysed the profile of books borrowed by users during the period 1 October 2005 to 30 September 2006 and ascertained the proportions (loan proportions) of Chinese books to English books, and books for adults to books for children. These loan proportions reflect the community demands for different types of library books. Table 4 shows a comparison of the reference and loan proportions of library books for the period.

Table 4

**Comparison between reference and loan proportions of library books
(1 October 2005 — 30 September 2006)**

Library books		Reference proportion	Loan proportion
Proportion of Chinese books to English books	Chinese	80%	83%
	English	20%	17%
Proportion of books for adults to books for children	Adults	**70%**	**60%**
	Children	**30%**	**40%**

Source: LCSD records and Audit analysis

2.31   Table 4 shows that:

(a)   for Chinese books, the reference proportion was slightly lower than the loan proportion. For English books, the situation was the opposite; and

(b)   for books for children, the reference proportion was considerably lower than the loan proportion. For books for adults, the situation was the opposite.

Audit observations

Need to review reference proportions of library materials

2.32   Before the management of public libraries was taken over by the LCSD in January 2000, the libraries under the ex-Urban Council adopted a reference proportion of 80% to 20% for Chinese books to English books, while the libraries under the ex-Regional Council adopted a reference proportion of 70% to 30%. As at 31 March 2001, the actual proportion for all libraries was 72% to 28%.

2.33   In the 2002 audit review (see para. 1.7), Audit noted the variance between the reference and actual proportions of Chinese books to English books. At that time, the Director of Leisure and Cultural Services informed Audit that the HKPL anticipated no difficulties in achieving the reference proportion of 80% to 20%. However, Table 3 in paragraph 2.28 shows that as at 30 September 2006, the actual proportion remained the same at 72% to 28%. The reference proportion had still not been achieved. In response to Audit's enquiries, the LCSD informed Audit in March 2007 that according to the HKPL's current thinking, a library's stock should meet the changing demands, and should have regard to the changing social and demographic factors of the local community, instead of mechanically following the reference proportions.

2.34   Table 4 in paragraph 2.30 shows that the loan proportions were at variance with the reference proportions of library materials. In particular, the loan proportion of books for children of 40% was considerably higher than the reference proportion of 30%. This suggests that the current reference proportions may not fully meet the community needs (as reflected by the demands for borrowing of library materials). **As the reference proportions have been in use for more than seven years since January 2000, it is timely for the LCSD to critically review whether they are still appropriate. In doing so, changes in social and demographic factors over the years, and the views of all stakeholders, should be taken into account.**

Need to take into account the effect of the withdrawal of library materials

2.35   Audit's analysis of the acquisition and withdrawal of books in the period 1 April 2001 to 30 September 2006 (see Table 5) shows that the acquisition of Chinese and English books had followed the reference proportion of 80% to 20%. However, taking into account the withdrawal of books, the net acquisition (i.e. net increase) was 72% to 28%. **Audit considers that the HKPL needs to take into account the effect of the withdrawal of library materials, when determining the proportions of materials to be acquired, with a view to achieving the reference proportions.**

Table 5

Acquisition and withdrawal of books
(1 April 2001 — 30 September 2006)

	Chinese books		English books		Total
	Number	**Proportion**	**Number**	**Proportion**	**Number**
	('000)	**(%)**	**('000)**	**(%)**	**('000)**
(a) Stock as at 1.4.2001	5,623	72%	2,194	28%	7,817
(b) Acquisition	4,162	80%	1,036	20%	5,198
(c) Withdrawal	2,370	88%	331	12%	2,701
(d) Net increase (d) = (b) − (c)	1,792	**72%**	705	**28%**	2,497
(e) Stock as at 30.9.2006 (e) = (a) + (d)	7,415	72%	2,899	28%	10,314

Source: LCSD records and Audit analysis

Audit recommendations

2.36   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

    (a)   **critically review whether the current reference proportions of library materials (see para. 2.27) are still appropriate, taking into account changes in social and demographic factors over the years, and the views of all stakeholders;**

    (b)   **review the reference proportions of library materials for public libraries periodically; and**

    (c)   **take into account the effect of the withdrawal of materials when determining the proportions of materials to be acquired, with a view to achieving the reference proportions of library materials.**

Response from the Administration

2.37   The **Director of Leisure and Cultural Services** accepts the audit recommendations.

PART 3:   ACQUISITION OF LIBRARY MATERIALS

3.1   This PART examines the HKPL's acquisition of library materials.

Acquisition policy

3.2   The HKPL is continuously developing its library collections with a view to meeting the community needs.   Acquisition of library materials enlarges the library stock and replaces damaged/outdated items.   Table 6 shows the expenditure on acquisition of library materials for the period 2001-02 to 2006-07.

Table 6

**Expenditure on acquisition of library materials
(2001-02 to 2006-07)**

Financial year	Expenditure ($ million)
2001-02	103
2002-03	98
2003-04	97
2004-05	88
2005-06	88
2006-07 (estimate)	86

Source: LCSD records

3.3   The acquisition policy of the HKPL is to build a library stock to meet the community needs for knowledge, information, lifelong learning, research and the profitable use of leisure.

3.4 Quantitatively, the acquisition of library materials is governed by the following guidelines, which the HKPL has committed to review periodically:

(a) at least 700,000 items should be acquired annually; and

(b) the proportions of library materials should follow the guidelines mentioned in paragraph 2.27(a) to (e).

Acquisition of library materials for new libraries

3.5 From time to time, new public libraries come into operation. The LCSD is currently planning and building up the collections of two new libraries, namely:

(a) a district library in Tung Chung, with initial collections of 140,000 items, to be opened in 2009; and

(b) a major library in Tin Shui Wai, with initial collections of 280,000 items, to be opened in 2011.

Audit noted that, for building up the collections of these two new libraries, the LCSD had planned to follow the reference proportions of Chinese books to English books, and books for adults to books for children (see para. 2.27(a) and (b)).

Audit observations

Need to meet local needs

3.6 According to "The Public Library Service: IFLA/UNESCO Guidelines for Development" issued in 2001 (hereinafter referred to as the IFLA Guidelines), "public libraries are locally based services for the benefit of the local community and should provide community information services. The services and collections they provide should be based on local needs, which should be assessed regularly.... Librarians should, therefore, be aware of the changes in society arising from such factors as social and economic development, demographic change, variations in the age structure, ...". In planning the collections of a new library to provide services in a district, it is important to assess the local needs and other relevant community factors.

3.7   To ascertain the local demands for library materials in Tung Chung and Tin Shui Wai, Audit analysed the profiles of books borrowed by users during the period 1 October 2005 to 30 September 2006 from the existing Tung Chung Public Library (a small library), and from the existing Tin Shui Wai Public Library (a district library). In the analysis, Audit focused on the loan proportions of Chinese books to English books, and books for adults to books for children. By comparing these loan proportions with the reference proportions, Audit ascertained how far the reference proportions meet the local needs of these communities. Table 7 shows the results of the analysis.

Table 7

**Loan proportions in Tung Chung and Tin Shui Wai
(1 October 2005 — 30 September 2006)**

Library books (Reference proportion — Note)	Loan proportion	
	Tung Chung	**Tin Shui Wai**
Proportion of Chinese books to English books:		
Chinese (80%)	89%	87%
English (20%)	11%	13%
Proportion of books for adults to books for children:		
Adults (70%)	51%	55%
Children (30%)	49%	45%

Source: LCSD records and Audit analysis

Note: The reference proportions are based on the HKPL's acquisition policy (see para. 2.27(a) and (b)).

3.8   Based on the analysis in Table 7, for both Tung Chung and Tin Shui Wai, the expected demands (as reflected by the loan proportions) for Chinese books as well as books for children were higher than the planned provisions (i.e. reference proportions) of the new libraries. The mismatch between the expected demands and the planned provisions was particularly evident in the case of books for children.

3.9   According to statistics compiled by the Census and Statistics Department (Note 6), the population in the New Territories is on average younger than that on Hong Kong Island and in Kowloon. In mid-2005, for the Yuen Long District (which includes Tin Shui Wai), the 0-14 age group represented 20% of the district population, which was the highest percentage among all the 18 Districts in Hong Kong. For the Islands District (which includes Tung Chung), the 0-14 age group represented 19.7% of the district population, which was the second highest percentage. It appears that the demand for children books in Tung Chung and Tin Shui Wai may be higher than the average demand of Hong Kong as a whole.

3.10   **Audit considers that, when the collections of a new library are being built up, the LCSD should, as far as possible, match the profiles of its collection items with the demands of the local community.** In this regard, the LCSD needs to ascertain the local needs of the community served by the new library, taking into account relevant social, economic and demographic factors. Based on the above analysis (see paras. 3.7 to 3.9), it would appear that the collections of the two new libraries (in Tung Chung and Tin Shui Wai) may not be able to fully meet the local demands, particularly the demand for books for children.

Need to shorten the lead time for building up new library collections

3.11   It is the LCSD's practice to start building up the collections of a new library several years before its scheduled opening date. For the new libraries in Tung Chung and Tin Shui Wai, the LCSD started building up their collections in June 2005, some four to six years before their scheduled opening dates in 2009 and 2011 respectively. As at December 2006, the number of items acquired was 56,000 (40% of the library collections) for the new library in Tung Chung, and 109,000 (39% of the library collections) for the new library in Tin Shui Wai. The items acquired were kept in a storeroom (in the Fa Yuen Street Municipal Services Building). Following the HKPL's practice, these newly-acquired items will not be made available for public use until the new libraries are opened.

3.12   Audit considers that the HKPL needs to consider shortening, as far as possible, the lead time for building up the collections for new libraries, taking into account the following:

(a)   it is not good value for money for the newly-acquired library items to be left unused in the storeroom for years, pending library opening; and

Note 6:   *The statistics were published in the Hong Kong Monthly Digest of Statistics (May 2006).*

(b)   there is a risk that the items acquired will become outdated and need to be withdrawn when the new libraries are opened.

3.13   Audit scrutinised the initial collections (as at November 2006) acquired for the new library in Tin Shui Wai to ascertain whether there were any items which might become outdated by the time of library opening in 2011. As books relating to the use of personal computers and analysis of securities markets tend to become outdated very quickly, Audit focused on these categories of library items. Audit found that there were some 1,200 items in these two categories in the initial collections for the new library in Tin Shui Wai. Examples of such items are shown at Appendix B.

3.14   **Audit considers that, when selecting items for building up the initial collections of new libraries, the HKPL needs to take into account the risk that the acquired items may become outdated by the time of library opening.**

Audit recommendations

3.15   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

(a)   **before building up the collections of new libraries, ascertain the needs of the communities to be served by them, taking into account relevant social, economic and demographic factors;**

(b)   **for the two new libraries in Tung Chung and Tin Shui Wai, review the proportion of Chinese books to English books, and the proportion of books for adults to books for children, to ensure that the collections best meet the needs of the local communities;**

(c)   **consider ways to shorten the lead time for building up the collections of new libraries; and**

(d)   **when selecting items for building up the collections of new libraries, take into account the risk that the acquired items may become outdated by the time the new library is opened and, in particular, avoid acquiring in advance library items which would become outdated very quickly.**

Response from the Administration

3.16   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

(a)   regarding paragraph 3.15(a) and (b), it has been the HKPL's practice to consider the relevant social, economic and demographic factors in the acquisition of library materials;

(b)   regarding paragraph 3.15(c), the HKPL agrees that the lead time for building up the collections of new libraries should be shortened. He has also said that:

   (i)   the stock for a new library is not built over a short period of time. In acquisition, both quantity and quality are as important. The provision of a good book stock is achieved through acquiring both retrospective and up-to-date materials; and

   (ii)   in developing the book stock, the HKPL would follow the IFLA Guidelines which are adopted by major public library systems worldwide. According to the guidelines, the stock building process of a new library should be implemented by phases over a period of several years before its commissioning. There are basically three phases: establishment, consolidation and steady-state phases; and

(c)   regarding paragraph 3.15(d), the HKPL agrees that the books relating to the use of computer and analysis of securities listed at Appendix B should be put out as soon as possible. The HKPL has already assigned them to libraries for immediate circulation. It should be noted, however, that some library users look for "retrospective" or "outdated" data, particularly for research work. The HKPL considers that the collections should include some of these "retrospective" materials.

PART 4: PROCESSING OF NEW LIBRARY MATERIALS

4.1   This PART examines the processing of new library materials before they are released for public use.

Procedures for processing new library items

4.2   Newly-acquired library materials need to be processed by the HKPL before they are released for public use.   The key processing stages include cataloguing, binding, delivery to the holding libraries, and preparation.   Details of these key processing stages are summarised in Table 8.

Table 8

Key processing stages for new library materials

Processing stage	Responsible party	Processing time target	Work performed
(a) Cataloguing	Technical Processing Unit (TPU) of the LCSD	**21 working days (i.e. about 30 calendar days)**	Cataloguing is performed centrally at the TPU. The Cataloguing Teams of the TPU scan the barcode labels of library items to record them in the LAS. The HKPL has set an internal performance target of completing cataloguing within 21 working days.
(b) Binding	Correctional Services Department (CSD)	**30 calendar days**	For paperback books which require binding for durability, they are sent to the CSD for binding/lamination. According to the service agreement between the HKPL and the CSD, the CSD shall collect books from the TPU, carry out binding/lamination of the books, and deliver them to the holding libraries within 30 calendar days.
(c) Delivery to the holding libraries	TPU of the LCSD; and Hongkong Post	**5 working days (i.e. about 7 calendar days)**	For hardcover books and multimedia materials which do not require binding, the TPU will arrange to despatch them to their holding libraries. According to the service agreement between the HKPL and Hongkong Post, the latter will deliver library materials to the holding libraries within 5 working days.
(d) Preparation	Holding library	**21 working days (i.e. about 30 calendar days)**	The holding library will carry out preparation work, including fixing an anti-theft magnetic strip and stamping the library chop on each library item, before releasing the library materials for public use. The HKPL has set an internal performance target of completing the preparation work within 21 working days.

Source: LCSD records

4.3   *Processing time targets.* The LCSD's target times for processing new library materials are as follows:

(a)   around 90 calendar days for library materials which require binding (i.e. 30 days for cataloguing, 30 days for binding, and 30 days for preparation — see items (a), (b) and (d) in Table 8); and

(b)   around 67 calendar days for library materials which do not require binding (i.e. 30 days for cataloguing, 7 days for delivery to the holding libraries, and 30 days for preparation — see items (a), (c) and (d) in Table 8).

4.4   As mentioned in paragraph 1.6, the LAS is the HKPL's core computer system for managing library operations. One of its major functions is the processing and control of new library materials. The LAS records the stage at which a newly-acquired library item is being processed.

4.5   However, for each library item, the LAS does not record the time taken at the different stages of processing. Therefore, there is no readily available information on the average duration of each processing stage.

Audit review of the processing of new library materials

Audit examination of a sample of library items newly released for public use

4.6   Audit visited six libraries (see para. 2.13) in late 2006/early 2007 and collected a sample of library items which were newly released for public use. For this sample, Audit ascertained the time span between the date a library item was received from the supplier and the date it was released for public use. The results are shown in Table 9.

Table 9

Time spent for processing new library materials

Processing time (Note 1) (Days)	Items which required binding (Note 2)		Items which did not require binding (Note 2)		Total	
	(Number)	(%)	(Number)	(%)	(Number)	(%)
1 to 30	59	(5%)	54	(6%)	113	(5%)
31 to 60	172	(14%)	205	(24%)	377	(18%)
61 to 90	652	(54%)	248	(29%)	900	(44%)
91 to 120	186	(16%)	73	(8%)	259	(13%)
121 to 150	40	(3%)	202	(24%)	242	(12%)
151 to 180	32	(3%)	20	(2%)	52	(2%)
More than 180	63	(5%)	57	(7%)	120	(6%)
Total	**1,204**	**(100%)**	**859**	**(100%)**	**2,063**	**(100%)**
Average processing time	**86 days**		**96 days**		**90 days**	

Source: Audit analysis of LCSD data

Note 1: The time spent for processing a new library item is counted from the date the item is received from the supplier to the date it is released for public use.

Note 2: The analysis is based on a sample of library items which were newly released for public use in the six libraries selected for review.

4.7   Table 9 shows that:

(a)   all new library materials in the audit sample took on average 90 days to complete processing;

(b)   library materials which required binding took on average 86 days to complete processing. The target time of 90 days was met. However, 27% (16% + 3% + 3% + 5%) of these items required more than 90 days to complete processing; and

(c)   library materials which did not require binding took on average 96 days to complete processing. The target time of 67 days was exceeded. Further analysis showed that 60% of these items required more than 67 days to complete processing.

Audit analysis of library materials
under processing as at 15 September 2006

4.8   To ascertain whether the HKPL's system of processing new library materials is efficient and effective to ensure that library materials are promptly released for public use, Audit performed ageing analyses of library materials at the four main stages of processing as at 15 September 2006. Table 10 summarises the results of the ageing analyses.

Table 10

Ageing analyses of library materials under processing
(15 September 2006)

Processing stage	Processing time target (see Table 8) (Days)	Items outstanding for more than the target time (Number)	(%)	Items outstanding for more than 360 days (i.e. one year) (Number)	(%)
Cataloguing	30	8,767	(32%)	4,033	(15%)
Binding	30	34,410	(43%)	1,254	(2%)
Delivery to the holding libraries (Note)	7	19,772	(79%)	17,998	(72%)
Preparation	30	44,119	(46%)	4,736	(5%)

Source: Audit analysis of LCSD data

Note: As mentioned in Table 8, Hongkong Post would deliver library materials to their holding libraries within 5 working days (i.e. about 7 calendar days). However, a library item would remain at this stage if:

(a)   it was being held by the TPU, before passing to Hongkong Post for delivery; or

(b)   it was being delivered by Hongkong Post; or

(c)   it had been received by the holding library, but its status in the LAS records had not been updated accordingly.

Library items which were acquired for building up the initial collections of a new library under planning would remain at this stage until the opening of the new library. These items were excluded from this analysis.

4.9   Table 10 shows that:

(a)   a considerable proportion of library items had remained at a processing stage for durations more than the LCSD's target processing time. This is particularly evident in the case of library items at the "Delivery to the holding libraries" stage; and

(b)   a large number of library items had remained at a processing stage for more than a year. In particular, some 18,000 items had remained at the "Delivery to the holding libraries" stage for more than a year, representing 72% of the total number of items at this processing stage.

Audit observations

4.10   According to its acquisition policy, the HKPL will acquire at least 700,000 library items annually (see para. 3.4(a)). To manage such a large number of new library items, the HKPL needs to have an efficient and effective system to ensure that:

(a)   the processing of library materials is completed in a timely manner so that they will be available for public use promptly; and

(b)   the movement of library materials is properly controlled and accounted for so that they will not go astray as they progress through different processing stages.

Need to ensure prompt processing of new library items

4.11   Audit recognises the need to process library materials in order to facilitate records keeping and retrieval (e.g. cataloguing), to make them more durable (e.g. binding), and to enhance security (e.g. fixing anti-theft magnetic strips). However, to maximise the benefits of library materials, they need to be released for public use as early as possible. Therefore, it is most important for the HKPL to have measures in place to ensure the prompt processing of new library materials.

4.12   Audit's sample checking showed that a considerable proportion of library items took more than the LCSD's target time to complete processing, i.e. 27% for items which required binding and 60% for items which did not require binding (see para. 4.7(b) and (c)). Audit considers it unacceptable that, for library materials which did not require binding, the average processing time (96 days) was even longer than that for materials which required binding (86 days).

4.13   In addition, Audit's ageing analyses of library materials under processing as at 15 September 2006 showed that a considerable proportion of library items had remained at a processing stage for durations longer than the LCSD's target time (see para. 4.9(a)). **Audit considers that the LCSD needs to ensure that for new library materials, the processing time targets are met.**

Need to enhance the monitoring of new library items under processing

4.14 The LAS, which is the HKPL's core system for managing library operations, does not record the time individual items spent at various processing stages (see para. 4.5). Therefore, there is no management information to help the HKPL monitor the time spent at each processing stage. The HKPL also does not regularly generate lists of long outstanding items under processing at each stage for follow-up action. **Audit considers that the HKPL needs to enhance the monitoring of new library items under processing. In particular, the HKPL needs to regularly generate lists of outstanding library items under processing for follow-up action.**

4.15 Audit noted that, when the holding libraries received library items from the CSD (for items which required binding) or the TPU (for items which did not require binding), they would check the completeness of items received and notify the TPU of any discrepancies identified. However, it appears that the TPU had not taken any effective action to follow up the discrepancies. **Audit considers that the TPU needs to follow up the discrepancies identified by the holding libraries.**

Need to investigate the long outstanding library items identified by Audit

4.16 Audit's ageing analyses of library materials under processing as at 15 September 2006 showed that there were a large number of library items under processing at various stages for more than a year. Audit considers this unacceptable. In particular, it is a matter of great concern that some 18,000 library items had remained at the "Delivery to the holding libraries" stage for more than a year (see para. 4.9(b)). There is a risk that these long outstanding library items identified by Audit might be mislaid or lost in transit as they progressed through the various processing stages. As all library items are securely packed in boxes for delivery by Hongkong Post and the contents of the boxes are checked upon receipt by the holding libraries, the risk that these library items were lost in transit is relatively low. Instead, these library items could have already been received by the holding libraries, but their status in the LAS records had not been updated accordingly.

4.17 **In order to ascertain the causes of long outstanding library items under processing, Audit has referred all such items identified in the review to the LCSD management for thorough investigation and necessary follow-up action. As mentioned in paragraph 4.14, the HKPL should in future regularly generate lists of outstanding library items under processing for follow-up action.**

Need to explore scope for streamlining the processing procedures

4.18   The long time taken to complete processing library materials has highlighted the need for the HKPL to streamline its processing procedures, in order that new library materials are made available for public use as early as possible.

Audit recommendations

4.19   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

(a)   **ensure that:**

(i)   **the processing time targets are met for all new library materials;**

(ii)   **the HKPL regularly generates lists of outstanding library items under processing for the following up of all long outstanding items; and**

(iii)   **the TPU follows up the discrepancies identified by the holding libraries;**

(b)   **enhance the monitoring of new library items under processing;**

(c)   **investigate the causes of all library items remaining long outstanding identified by Audit and take necessary follow-up action; and**

(d)   **consider streamlining the HKPL's processing procedures, in order that new library materials are made available for public use as early as possible.**

Response from the Administration

4.20   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has pointed out that the success of the improvement measures would be subject to the availability of additional resources and the outcome of the LCSD's review on the processing workflow. He has also said that:

(a)   the processing time listed in Table 8 in paragraph 4.2 is only a general guideline for reference in the processing of materials which are not time-sensitive. As a rule of practice, librarians have to select from the newly received library materials items which have to be handled with priority such that they could be made available to library users as soon as possible. These include computer books, directories, bestsellers and publications of current topics;

(b)   another point is that the general reference for the processing of library materials mentioned in (a) above was first devised based on HKPL's available manpower resources in 2000 for the handling of an annual intake of around 700,000 items of library materials.   The actual amount of materials processed each year is, however, dependent on the yearly funding and the amount of donated items received during the year.   In the case where the library materials acquired/collected for the year exceed 700,000 whilst the manpower for book processing remains unchanged, a longer lead time would be required to process the new library materials; and

(c)   regarding the audit recommendation in paragraph 4.19(d), the HKPL is in the process of reviewing the front-line operation of the TPU and the branch libraries with a view to further enhancing their workflow.   As a long-term solution, the LCSD is currently exploring the feasibility of further re-engineering the processing of library materials by setting up an expanded TPU to be responsible for not only the centralised acquisition and cataloguing of library materials, but also the processing of new library materials up to shelf-ready status.   For more effective handling of library materials, the processing of items withdrawn from branch libraries would also be centralised.

4.21   The **Commissioner of Correctional Services** has said that the CSD will uphold its performance pledge to the LCSD that it will collect books from the TPU for binding/lamination, and return them to the holding libraries within 30 days (see Table 8 in para. 4.2).

4.22   The **Postmaster General** has said that:

(a)   regarding the audit recommendation in paragraph 4.19(a), a proper system is already in place to measure and monitor the flow and delivery lead time required for Hongkong Post to deliver new library materials from the TPU to the holding libraries within its pledge target of five working days (see Table 8 in para. 4.2);

(b)   log sheets are currently used to account for the new library materials being collected from the TPU, and to record the dates that they are processed at the Hongkong Post sorting centre and delivered to the holding libraries;

(c)   the records indicated that items were delivered by Hongkong Post to the libraries within the pledge; and

(d)   Hongkong Post will continue to work closely with the LCSD to ensure that all new library materials are promptly delivered from the TPU to the holding libraries within five working days.

PART 5: COLLECTION OF LIBRARY FEES AND CHARGES

5.1   This PART examines issues relating to the collection of library fees and charges.

Library fees and charges

5.2   The HKPL collects the following main types of fees and charges:

(a)   ***Reservation fee.***   Each user may reserve a maximum of six items of library materials for a fee of $2.5 per item.   The reservation fee has to be paid once the requested item is available for collection;

(b)   ***Overdue fine.***   An overdue fine is charged for each loan item which is returned late (or not returned) by the borrower.   For library materials for adults, the charging rate is $1.5 per item each day, and the fine is limited to $130 per item. For library materials for children, the charging rate is $0.5 per item each day, and the fine is limited to $25 per item; and

(c)   ***Replacement charge.***   A replacement charge is levied for each item which is damaged or not returned by the borrower.   The charge includes the replacement cost of the item plus a 20% surcharge.

5.3   In the period 2001 to 2006, the library fees and charges collected by the HKPL increased by 41%, from $15.5 million to $21.8 million (see Table 11).

Table 11

Library fees and charges collected by the HKPL
(2001 — 2006)

Year	Reservation fees ($ million)	Overdue fines ($ million)	Replacement charges ($ million)	Total ($ million)
2001	1	13.6	0.9	**15.5**
2002	1.5	15.4	1	**17.9**
2003	1.7	16.1	1	**18.8**
2004	1.8	17.2	1.1	**20.1**
2005	2	17.2	1	**20.2**
2006	2	18.6	1.2	**21.8**

Source: LCSD records

5.4   As shown in Table 11, in 2006 overdue fines amounted to $18.6 million, representing 85% of total fees and charges collected by the HKPL.   There was an increasing trend in overdue fines collected, from $13.6 million in 2001 to $18.6 million in 2006.

Recovery of library fees and charges

5.5   The late return of library items affects the provision of public library services. This is because other users are deprived of the library items that are returned late (or not returned at all).   The levying of overdue fines discourages late return of library items.

Actions taken on overdue library items

5.6   Library materials for lending can be borrowed for 14 days.   The borrowing can be renewed (over the counter, through the Internet, or by telephone) for another 14 days each time for up to five consecutive times.   When a library item is not returned, the HKPL will:

(a)   issue the first overdue notice 15 days after the due date of the item;

(b)   issue the second overdue notice 29 days after the due date;

(c)   issue the final overdue notice 45 days (1.5 months) after the due date, and contact the user telling him to return the item;

(d)   suspend the borrowing right of the borrower if the item was not returned within 14 days from the date of the final overdue notice;

(e)   set the status of the library item as "lost" if the item was still not returned 9 months after the due date, and issue a payment notice to the borrower to recover the overdue fine (which should have reached the maximum amount — see para. 5.2(b)); and

(f)   45 days (1.5 months) after the date of setting the status of the library item as "lost", issue another payment notice to the borrower to recover the replacement charge (see para. 5.2(c)).

5.7   Before January 2007, the HKPL issued the final overdue notice 120 days (4 months) after the due date of the library item, and issued the payment notice for replacement charge 180 days (6 months) after the date of setting the status of the library item as "lost".   In January 2007, the HKPL improved the recovery procedures by shortening the issue of these two types of notices to 45 days (see para. 5.6(c) and (f)).

Arrears of library fees and charges

5.8   According to the Financial and Accounting Regulation (FAR) 400(1) and the Standing Accounting Instruction (SAI) 800(1) of the Government, Controlling Officers are responsible for the prompt collection of all revenue due to the Government in relation to activities within their jurisdiction and for bringing it properly to account, and they should satisfy themselves that appropriate arrangements are made therefor.   Besides, FAR 415 and SAI 1020 stipulate that Controlling Officers are required to produce each year a statement of all debts and charges which were due but were not paid by the last day of the financial year in accordance with the instructions given by the Director of Accounting Services.

5.9   However, the arrears of library fees and charges had not been included in the LCSD's annual returns of arrears of revenue before 2005-06.   In early 2006, the LCSD was aware of the omission.   The arrears of library fees and charges were included in its 2005-06 return of arrears of revenue to the Treasury.   Table 12 shows an analysis of the arrears of library fees and charges as at 31 March 2006.

Table 12

Analysis of the arrears of library fees and charges
(31 March 2006)

Period in which fees and charges were brought to account	Reservation fees ($'000)	Overdue fines ($'000)	Replacement charges ($'000)	Other charges ($'000)	Total ($'000)
1.1.2000 — 31.3.2000 (Note 1)	—	126	81	—	**207**
1.4.2000 — 31.3.2001	2	384	196	—	**582**
1.4.2001 — 31.3.2002	15	772	403	—	**1,190**
1.4.2002 — 31.3.2003	14	2,840 (Note 2)	1,693 (Note 2)	51	**4,598**
1.4.2003 — 31.3.2004	12	2,918	1,891	9	**4,830**
1.4.2004 — 31.3.2005	12	2,096	1,176	15	**3,299**
1.4.2005 — 31.3.2006	40	1,990	868	13	**2,911**
Total	**95**	**11,126**	**6,308**	**88**	**17,617**

Source: LCSD records

Note 1: The LCSD was established in January 2000. It took over the management of public libraries from the ex-Municipal Councils.

Note 2: The arrears of overdue fines and replacement charges increased significantly in 2002-03, because in this year, public libraries in urban areas started to set the status of long overdue library items as "lost" and brought the related overdue fines and replacement charges to account.

5.10   The arrears of library fees and charges as at 31 March 2006 involved some 120,000 defaulters. Table 13 shows an analysis of the outstanding library fees and charges conducted by the LCSD as at 27 April 2006.

Table 13

**Analysis of outstanding library fees and charges
(27 April 2006)**

Outstanding amount ($)	Number of defaulters
0.5 to 100	75,696
>100 to 500	29,973
>500 to 1,000	10,580
>1,000 to 5,800	3,126
Total	**119,375**

Source: LCSD records

5.11   According to Accounting Circular No. 1/2005 "Recovery of Arrears of Revenue", departments should take recovery actions on outstanding fees and charges in a timely manner and before the expiry of the six-year limitation period (Note 7). As shown in Table 12, for those arrears of library fees and charges which accrued in or before March 2000 (totalled $207,000), the six-year limitation period had already expired in March 2006. In December 2006 the HKPL, in consultation with the Department of Justice, worked out an action plan for the recovery of arrears of library fees and charges. In particular, recovery actions were focused on those cases which were approaching the end of the limitation period.   For example, for cases arising in 2000 and 2001 where the outstanding amount was above a certain figure (Note 8), letters were issued to the defaulters concerned in December 2006, informing them that legal actions would be taken if they failed to settle the outstanding amounts. Some cases would be selected for taking legal action at the Small Claims Tribunal.

Note 7:   *Section 4 of the Limitation Ordinance (Cap. 347) states that actions to recover outstanding accounts shall not be brought after the expiration of six years from the date on which the cause of action accrued.*

Note 8:   *This information is not disclosed for confidentiality reasons.*

Audit observations

*Need to review the recovery procedures to ensure
that library fees and charges are collected promptly*

5.12   According to SAI 800(2), to ensure that revenue is collected promptly, Controlling Officers must regularly review the procedures and the activities within their jurisdiction which give rise to revenue due to the Government and satisfy themselves that:

(a)   demand notes for the collection of revenue are issued promptly; and

(b)   if payment is not received within a reasonable time, appropriate follow-up actions are taken to recover the arrears. Such actions include the issue of reminders and taking legal action as appropriate.

5.13   As shown in paragraph 5.7, prior to January 2007, the HKPL took a long time to recover the overdue fines. For example, the suspension of the borrowing right of the borrowers, which is an effective means to encourage borrowers to return the overdue library items, would only be effected by the HKPL some 4.5 months (see paras. 5.6(d) and 5.7) after the due date of the library items. Regarding replacement charges, the payment notices would only be issued some 15 months (see paras. 5.6(e) and 5.7) after the due date of the library items.

5.14   Even after the improvement measures were implemented in January 2007, the suspension of the borrowing right would only be effected by the HKPL some 2 months (see para. 5.6(c) and (d)) after the due date of the library items. Regarding replacement charges, the payment notices would only be issued some 10.5 months (see para. 5.6(e) and (f)) after the due date of the library items. Besides, there had not been any improvement in the issue of payment notice for overdue fines, which remains at 9 months after the due date of the library items.

5.15   **Audit considers that, despite the streamlining of the recovery procedures in January 2007, there is still scope for improvement.**

Need to improve management of outstanding library fees and charges

5.16   According to SAI 1020(1), the annual arrears of revenue return should include all debts and charges which were due but were not paid by the end of the financial year. In this regard, SAI 1020(3)(c) clearly states that a debt or charge is normally due as it arises even though it has not been formalised by way of a demand note. It is therefore very clear that all outstanding library fees and charges should be regarded as arrears of revenue.

5.17   Although the LCSD had included outstanding library fees and charges in its 2005-06 arrears of revenue return to the Treasury (see para. 5.9), Audit noted that some outstanding amounts that were due had still not been included in the return. This is because, under the existing LAS, overdue fines are regarded as arrears of revenue only when the library items concerned are set as "lost" (i.e. 9 months after the due date of the items — see para. 5.6(e)).

5.18   Because the LAS did not provide information on overdue fines accrued as at the end of financial year, Audit could not ascertain the extent to which the overdue fines had been omitted from the arrears of revenue return. The amount involved could be considerable, given the increasing trend of overdue fines as shown in Table 11 in paragraph 5.3. Audit considers that, in future, the LCSD needs to include all overdue fines that are due and payable in the arrears of revenue return.

5.19   As mentioned in paragraph 5.11, of the arrears as at 31 March 2006, $0.2 million had already exceeded the six-year limitation period for the purpose of recovery of debts. **As more outstanding amounts are approaching the end of the limitation period, the LCSD needs to expedite recovery actions, including legal action.** Given that the chances of recovering an outstanding account are higher if earlier recovery action is taken, the LCSD needs to monitor closely the cost-effectiveness, and the implementation of the action plan mentioned in paragraph 5.11.

Audit recommendations

5.20   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

Need to review the recovery procedures to ensure
that library fees and charges are collected promptly

(a)   **monitor closely the effectiveness of the newly-implemented improvement measures (see para. 5.7), with a view to reducing the number of overdue library items and encouraging borrowers to return overdue library items promptly;**

(b)   **review whether there is scope for further streamlining the HKPL's recovery procedures, in order to ensure that all library fees and charges are collected promptly. For example, consideration may be given to shortening, as far as possible, the time for:**

(i)   **the suspension of the borrowing right; and**

(ii)   **the issue of payment notices for both overdue fines and replacement charges;**

(c)   **explore other effective measures that can help reduce the number of overdue library items, including for example:**

(i)   **stepping up the HKPL's efforts in user education by disseminating a clear message on the importance of returning borrowed items on time, and the consequences of late return of library items (e.g. levying overdue fines, suspending borrowing rights, and taking legal action); and**

(ii)   **using e-mail notifications to remind users to return borrowed items on time (see also para. 6.21(b));**

Need to improve management of outstanding library fees and charges

(d)   **ensure that all overdue fines are included in the arrears of revenue return in future;**

(e)   **expedite recovery actions (including legal action) on outstanding library fees and charges, in particular on those amounts near the end of the six-year limitation period; and**

(f)   **monitor closely the cost-effectiveness, and the implementation of the action plan (see para. 5.19) to recover outstanding library fees and charges.**

Response from the Administration

5.21   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

*Need to review the recovery procedures to ensure
that library fees and charges are collected promptly*

(a)   regarding paragraph 5.20(a), a number of new measures have been taken to reduce the number of overdue library items and to demand borrowers to return overdue library items and settle library fines and charges promptly. Revisions will be made in the library operational guidelines to clearly state the newly-implemented measures for library staff to follow. In order to closely monitor the effectiveness of the measures, the HKPL will consider setting up a dedicated team in the near future for handling long outstanding fees and charges;

(b) regarding paragraph 5.20(b), the HKPL has already implemented a number of new measures since January 2007 to:

(i) shorten the issue of final overdue notice and payment notice from 120 days and 180 days respectively to 45 days (see para. 5.7); and

(ii) suspend the borrowing rights of the reader after the issue of the final overdue notice or payment notice.

The HKPL will review the effectiveness of these new measures and any problems that may arise before considering taking further action. The HKPL will also include appropriate functional requirements in the new LAS for better handling of the collection of library fees and charges;

(c) regarding paragraph 5.20(c), the HKPL conducts user education programmes regularly during school and group visits. To encourage better use of library services, the HKPL will enhance its user education programmes to emphasise the importance of timely return of borrowed library materials and the consequences of late return. The HKPL will also further promote the use of the e-mail notification service and consider providing users with the option of receiving electronic reminders before the due date;

Need to improve management of outstanding library fees and charges

(d) regarding paragraph 5.20(d), currently, there is no readily available function in the existing LAS for generating reports on overdue fines which have not been incurred through the LAS. The HKPL will attempt to work out an alternative mechanism to retrieve data from the system database to provide information on outstanding library fees and charges as at the end of financial year;

(e) regarding paragraph 5.20(e), recovery actions are in progress and "Letters of Action" have been sent to the defaulters, including those amounts which are approaching the end of the six-year limitation period; and

(f) regarding paragraph 5.20(f), the HKPL will monitor closely the implementation of the action plan to recover outstanding library fees and charges and review its cost-effectiveness in due course.

5.22 The **Secretary for Financial Services and the Treasury** generally agrees with the audit observations and recommendations regarding the collection of library fees and charges.

5.23 The **Director of Accounting Services** supports the audit recommendations in paragraph 5.20.

PART 6: OTHER AREAS FOR IMPROVEMENT IN PUBLIC LIBRARY SERVICES

6.1   This PART examines other areas where improvements can be made in the provision of public library services.

Library opening hours

6.2   It is important to ensure that the opening hours of public libraries best meet the community needs and expectations. According to the IFLA Guidelines, "in order to provide the best possible access to the public library service, the public library must be open at times of maximum convenience to those who live, work and study in the community".

6.3   Table 14 shows the number of opening hours of public libraries each week. Appendix C shows the details of opening hours of different types of public libraries.

Table 14

Number of weekly opening hours of public libraries

Type of library	Number of opening hours each week	
	Libraries in urban areas	Libraries in the New Territories
Hong Kong Central Library	74	
Major and district libraries	61	60 or 62
Small libraries	50	14 to 56
Mobile libraries	42	42

Source: LCSD records

6.4   The main library services are only available during the library opening hours. These include browsing and borrowing of library materials, and reading of library materials not for borrowing (e.g. newspapers, periodicals and reference materials). Other library services are available outside the opening hours. Examples include reservations and renewals of library materials through the Internet, and returning of library materials through book drops.

Demand for extending library opening hours

6.5   In Hong Kong, there has been a demand for extending the library opening hours. In a consultancy study in 2002 on the future development of the HKPL (see para. 7.3), it was reported that the public wanted longer opening hours and the HKPL could consider whether the expense of extending opening hours was justified by the usage.

6.6   In June 2006, a question was raised in the LegCo, asking whether the Government would:

   (a)   extend the opening hours of all public libraries to facilitate the use of library services by the public in the evening during public holidays and weekends;

   (b)   standardise the opening hours of all public libraries to operate seven days a week and 12 hours a day; and

   (c)   inform the LegCo of the expenditure and manpower involved in implementing the measures mentioned in (a) and (b) above.

6.7   In response, the Secretary for Home Affairs informed the LegCo that:

   (a)   regarding paragraph 6.6(a) and (b):

      (i)   according to a survey conducted in 2004, more than 70% of the library users surveyed were satisfied with the opening hours of public libraries in various districts. The LCSD would closely monitor the utilisation of public libraries and public views in order to review the opening hours of various libraries in a timely manner; and

      (ii)   the Government planned to involve DCs in the management of some district facilities. It proposed to set up a District Facilities Management Committee (DFMC) under each DC to steer and oversee the work involved. Under this proposal, the management of all district public libraries would be brought under the purview of DFMCs, which could propose how best to improve the services of the district public libraries (including opening hours) having regard to the needs of the relevant district communities; and

(b)   regarding paragraph 6.6(c), to open all the public libraries for seven days a week and 12 hours a day would incur an additional expenditure of approximately $200 million a year. This estimated additional cost included mainly extra primary costs of staff and electricity.

Audit observations

Need to consider extending library opening hours to meet public expectations

6.8   The HKPL regularly conducts opinion surveys to gauge public views on its services. The most recent one was conducted in 2004. According to the results of the 2004 opinion survey, 71.5% adult users were satisfied with the existing library opening hours (see para. 6.7(a)(i)). However, Audit notes that the satisfaction levels varied among different types of libraries. The satisfaction levels ranged from the lowest (61.4%) for small libraries to the highest (79.7%) for the Central Library. Table 15 shows the satisfaction levels for the existing library opening hours.

Table 15

Satisfaction levels for library opening hours

	Central Library	Major libraries	District libraries	Small libraries	Mobile libraries	Overall
Satisfied	**79.7%**	71.0%	72.9%	**61.4%**	62.0%	**71.5%**
Average	14.7%	19.2%	15.0%	24.4%	25.5%	**17.5%**
Dissatisfied	4.9%	9.0%	11.3%	13.1%	11.3%	**10.2%**
No comment	0.8%	0.8%	0.7%	1.1%	1.2%	**0.8%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: LCSD records

6.9   The results of the 2004 opinion survey also show that 21.2% (the second highest percentage) of the suggestions for improvements were about extending the opening hours (see Table 16).

Table 16

Suggestions on improving library services

Suggestion	Percentage (Note)
(a) Enriching collections	29.0%
(b) Extending opening hours	**21.2%**
(c) Providing more seats	16.5%
(d) Enriching collection of reference materials	14.6%
(e) Increasing and improving computer facilities	10.6%

Source: LCSD records

Note: Only the top five suggestions with the highest percentages are shown.

6.10   Table 15 shows that the satisfaction levels for the opening hours of some libraries, notably small libraries, were on the low side. As can be seen in Table 14 and Appendix C, the opening hours of small libraries were shorter than those of major/district libraries. Table 16 also shows that there were public expectations for extending the library opening hours. To meet these public expectations, the LCSD needs to re-examine critically the feasibility and cost-effectiveness of extending the library opening hours.

Need to assess the demand for extending library opening hours

6.11   The consultants (see para. 6.5) indicated that the LCSD should consider whether the expense of extending opening hours is justified by the usage. Audit noted that there was no systematic assessment of the public demand and potential usage for longer opening hours of different types of public libraries. In this regard, Audit notes that DCs have a keen interest on the issue of library opening hours. In response to a question raised in the LegCo in April 2006, the Secretary for Home Affairs provided a breakdown of the suggestions put forward by DCs on district leisure and cultural services and facilities which were being studied by the Government. It showed that, of a total of 195 suggestions, 19 (10%) were about extending the library opening hours. Audit considers that the LCSD needs to assess the public demand and potential usage for longer library opening hours, taking into account the DCs' views and cost-effectiveness (see para. 6.7(b)).

Audit recommendations

6.12   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

(a)   **systematically assess the public demand and potential usage of longer library opening hours, in consultation with the DCs; and**

(b)   **address the resource implications of extending the library opening hours in formulating the strategic plan of the HKPL (see also para. 7.14).**

Response from the Administration

6.13   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

(a)   regarding paragraph 6.12(a), the HKPL will assess the public demand and potential usage of longer library opening hours, taking into account the DCs' views on this issue. He would also like to add that in late 1999, the former Regional Council Public Libraries had conducted a pilot run in three of its major libraries and four district libraries by extending the opening hours on weekdays by two hours (from 8 p.m. to 10 p.m.). In view of the low usage of the library facilities except the students' study room, as revealed by the pilot run, the opening hours of the libraries remained unchanged; and

(b)   regarding paragraph 6.12(b), the HKPL will address the matter from a resource management perspective in formulating the strategic plan of the HKPL. It should be noted that, under the pilot scheme for the involvement of DCs in the management of district leisure and cultural facilities, the Sai Kung DC has agreed to provide additional resources for extending the opening hours of two district libraries on a trial basis for six months.

Use of information technology to improve service provision

6.14   The 2002 consultancy study (see para. 6.5) highlighted the importance of making the best use of information technology (IT) in the future development of public library services. In making further improvement in the provision of public library services, the effective use of IT and other new technologies needs to be explored.

6.15   In the HKPL, three major categories of IT systems are in use, namely the LAS, the Multimedia Information System (MMIS) and the Internet Services Network (ISN). The details are as follows:

(a) the LAS is the HKPL's core IT system used for the maintenance of data on registered users, the acquisition and maintenance of library materials, catalogue searching, as well as processing of loan transactions. Its web-based functions allow users to search, reserve and renew borrowed library materials through the Internet;

(b) the MMIS is a digital library system that enables users to access a wide range of library information via the Internet at home or via some 600 workstations (see Photograph 3) at public libraries. The information includes digital images (of old newspapers, photographs, manuscripts, etc.), audio files, video programmes, as well as information held in physical media (such as CDs, DVDs and CD-ROMs); and

(c) the ISN, comprising over 1,400 workstations (including the 600 workstations mentioned in (b)) with broadband connection, enables users to access the Internet, on-line databases and CD-ROM services. Popular application software (such as word processing and spreadsheet software) is also provided.

Photograph 3

MMIS workstations in a public library

Source: LCSD records

6.16   Currently, the HKPL has the following IT projects underway:

(a)   provision of wireless Internet service at selected public libraries;

(b)   use of Octopus Card (a stored-value cash card) for the collection of library fees and charges;

(c)   replacement and enhancement of the LAS; and

(d)   deployment of the RFID technology.

Audit observations

Need to continue exploring the use of
new technologies to make service improvement

6.17   In Audit's view, the use of IT helps in the effective and efficient provision of public library services. Many of the areas for improvement identified in this audit review can be addressed with more use of IT.

6.18   For example, the use of Octopus Card (see para. 6.16(b)) can facilitate users in paying library fees and charges, thus avoiding many of the problems related to the recovery of fees and charges mentioned in PART 5. The replacement and enhancement of the LAS may also help address some problems related to the processing of new library materials mentioned in PART 4. As mentioned in paragraph 2.24, the LCSD had already secured funding approval from the LegCo to launch a pilot RFID scheme.

Need to enhance the use of e-mail notification

6.19   Table 17 shows the most common types of notices sent to library users. In 2005-06, the HKPL spent $1.75 million on postage for sending these notices.

Table 17

Common types of notices sent to library users

Notice	Purpose	Date of issue	E-mail notification service available
First overdue notice	To notify a user of an overdue borrowed item	15 days after the due date	Yes
Second overdue notice		29 days after the due date	Yes
Final overdue notice		45 days (120 days prior to January 2007) after the due date	No
Payment notice	To notify a user of an outstanding library fee/charge	45 days (180 days prior to January 2007) after the due date of the library item concerned or the date of levying a fee/charge	No
Hold awaiting notice	To notify a user of the availability of a reserved item	When the item is available	Yes
Hold unavailable notice	To notify a user of the cancellation of a reservation upon expiry of the reservation period	When the reservation is cancelled	Yes

Source: LCSD records

6.20   The HKPL has provided an e-mail notification service since early 2003. As shown in Table 17, the e-mail option is available for four types of notices. If a user has registered for the e-mail option, he will receive e-mail notifications instead of by post. E-mails save postage, are delivered almost instantly and are more environmentally friendly.

6.21   Audit noted a number of areas where improvement could be made for sending notices to library users, as follows:

(a)   *Increasing the number of e-mail users.*   As at November 2006, there were 125,000 library users (i.e. only 3.7% of a total of 3.4 million registered users) who had registered for the e-mail notification service. This seems to be on the low side, given that the Internet e-mail is widely used today (Note 9). The HKPL needs to further promote the use of e-mail notification;

(b)   *E-mail reminders.*   At present, e-mail notices are sent to the users concerned only when borrowed items become overdue. The HKPL does not send e-mail reminder notices to users before borrowed items are due. The HKPL may consider sending e-mails (e.g. one day before borrowed items are due) to remind borrowers to return the items. This will help reduce the number of overdue library items. To further improve customer services, it will be useful if library users are also prompted to renew borrowed items on-line; and

(c)   *Adopting other means of notification.*   Besides e-mail, the short message service (SMS — Note 10) is also widely-used. Sending library notices by means of the SMS could enhance the quality of HKPL's services. The HKPL may explore the feasibility and cost-effectiveness of doing so.

Need to promote the use of self-charging terminals

6.22   Library users can use self-charging terminals (see Photograph 4) to borrow or renew library materials by themselves. These terminals are convenient to use. The heavy workload of circulation counters, particularly during peak hours, can be alleviated. Currently there are 132 self-charging terminals installed at 53 public libraries.

Note 9:   *According to the 2006 survey on IT usage and penetration conducted by the Census and Statistics Department, there were 3.8 million persons aged 10 or over who had used Internet service in the 12 months preceding the survey.*

Note 10:   *The SMS is a service available on mobile phones and other mobile devices such as Pocket PCs.*

Photograph 4

A self-charging terminal installed at a public library

Source: LCSD records

6.23   In 2006, the number of items processed (including borrowing and renewal) by self-charging terminals accounted for only about 12% of the total number of items processed by the libraries concerned.   According to the HKPL, the usage rate of self-charging terminals is low. **Audit considers that the HKPL needs to further promote the use of self-charging terminals.**

Audit recommendations

6.24   **Audit has *recommended* that the Director of Leisure and Cultural Services should:**

   (a)   **regularly review the relevance of HKPL's current IT applications, and continue exploring the use of emerging technologies (e.g. RFID) for improving the provision of public library services;**

   (b)   **further promote the use of the e-mail notification service;**

   (c)   **consider using e-mail, shortly before the due dates, to remind users to return borrowed items;**

   (d)   **explore the feasibility and cost-effectiveness of using the SMS to send library notices; and**

   (e)   **further promote the use of self-charging terminals.**

Response from the Administration

6.25   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

(a)   regarding paragraph 6.24(a), the HKPL will continue to explore the use of new technologies such as the RFID and Octopus Card for enhancing public library services. Application of Octopus Card as one of the modes for collection of library fees and charges would be implemented in HKPL in the later half of 2007. The HKPL has also secured funding to conduct a pilot run on the application of the RFID technology in 2010 after the replacement of the LAS;

(b)   regarding paragraph 6.24(b), the HKPL will further promote the use of the e-mail notification service;

(c)   regarding paragraph 6.24(c), the HKPL will, subject to technical feasibility, consider sending e-mails to remind users to return borrowed items before the due dates;

(d)   regarding paragraph 6.24(d), a study will be carried out in the coming LAS replacement exercise to assess the viability of allowing users to opt-in and pay for the proposed value-added SMS library notice service; and

(e)   regarding paragraph 6.24(e), the promotion of use of self-charging terminals is already an on-going exercise, particularly during the holiday seasons when library usage is anticipated to be very high.

PART 7: STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

7.1   This PART examines the strategic planning and performance management of the HKPL.

Importance of strategic planning

7.2   Planning and policy development is an integral part of public library management. The IFLA Guidelines have emphasised the importance of planning and the need for the development of strategic plans and operational plans, as detailed at Appendix D.

Development of a strategic plan for public library services

Consultancy study in 2002 on the future development of the HKPL

7.3   In November 2001, the LCSD commissioned consultants to conduct a study on the future development of the HKPL.   The consultancy study was completed in December 2002.   The consultancy report proposed the drawing up of a strategic plan, comprising a mission statement and a set of objectives grouped under the following five key service areas:

    (a)   serving the community;

    (b)   supporting life-long learning;

    (c)   bringing culture to the public;

    (d)   leveraging the use of information technology; and

    (e)   offering value-added services.

7.4   The consultancy report recommended, among other things, that the HKPL should prepare:

    (a)   a strategic plan and put it on the HKPL website for public consultation; and

    (b)   a five-year plan and an annual business plan addressing the five key service areas mentioned in paragraph 7.3.

2002 audit review of the HKPL

7.5   At the time of the 2002 audit review (see para. 1.7), the 2002 consultancy study was not yet completed. In its report of October 2002, Audit recommended that the Director of Leisure and Cultural Services should:

    (a)   in formulating the forthcoming strategic plan, ensure that the objectives of public library services met the needs of the community; and

    (b)   develop an operational plan to ensure that public library services were focused on achieving the priorities identified in the strategic plan.

7.6   In response, the Director of Leisure and Cultural Services said that:

    (a)   after the establishment of the LCSD in January 2000, there was a need to align the different development plans formerly adopted by the ex-Municipal Councils. In particular, it was necessary to re-engineer the public library services in Hong Kong to better meet the changing needs of the community and the new challenges of the evolving information age; and

    (b)   the LCSD would formulate a strategic plan for the future development of the public libraries and an operational plan to achieve the priorities identified in the strategic plan in the light of the 2002 consultants' recommendations.

7.7   In a paper to the LegCo Panel on Home Affairs in December 2002, the LCSD reported the findings and recommendations of the 2002 consultancy study. The paper stated that the Government would take into account the findings and recommendations of the 2002 consultancy study, as well as comments from staff and the public and other relevant factors, before formulating a strategic plan for the development of public libraries.

Culture and Heritage Commission Policy Recommendation Report

7.8   In April 2003, the Culture and Heritage Commission (CHC — Note 11) submitted the "Culture and Heritage Commission Policy Recommendation Report" to the Government, putting forward its policy recommendations on a wide range of areas relating to the long-term cultural development, including public library services, in Hong Kong.

Note 11:   *The CHC was established in April 2000 as a high-level advisory body responsible for advising the Government on the policies as well as funding priorities on culture and the arts. After submitting the "Culture and Heritage Commission Policy Recommendation Report" to the Government, the CHC was dissolved.*

Report of the Committee on Libraries

7.9   In order to follow up the CHC's recommendations relating to library services and facilities, as well as the recommendations of the 2002 consultancy study (see paras. 7.3 and 7.4), the Government established the Committee on Libraries in November 2004 for a tenure of two years. The Committee was tasked to advise the Secretary for Home Affairs on strategies and plans for the development of Hong Kong's public library services and facilities, and to further reflect public views and enhance community cooperation and partnership.

7.10   As at December 2006, the Committee on Libraries was finalising a draft Recommendation Report on Provision of Public Library Services and Facilities in Hong Kong for submission to the Secretary for Home Affairs. The draft report made a number of recommendations to improve the operational and management system of the HKPL so as to increase the degree of public accountability and community participation. In particular, with the impending DCs' involvement in the management of district libraries (see para. 1.8), the Committee recommended the setting up of an advisory board on the overall development strategy of public libraries, which should primarily be tasked to advise the Government on how best to fulfil the broader "cultural" dimension (as opposed to the "local community service" dimension) of the HKPL's mission. The draft report also highlighted the need for the LCSD to formulate strategic plans for consideration by the proposed board.

Audit observations

Need to expedite the formulation and promulgation of a strategic plan

7.11   The LCSD had long recognised the need to formulate a strategic plan for the development of public library services. However, the development of a strategic plan for the HKPL turned out to be a rather protracted process (see paras. 7.8 to 7.10). Seven years after its establishment in January 2000, the LCSD has still not formulated and promulgated a formal strategic plan for the HKPL. The latest draft report of the Committee on Libraries (as at December 2006) further highlighted the need for the LCSD to formulate strategic plans. **Audit considers that the LCSD needs to accord priority to formulating and promulgating a formal strategic plan for the HKPL.**

Need to take into account the impending DCs'
involvement in the management of public libraries

7.12   With the impending involvement of DCs, the public library system in Hong Kong is expected to undergo significant changes.   An imminent issue that calls for management attention is the need to respond to the increasing demands of the local community for public library services. **Because of this, the LCSD needs to formulate a formal strategic plan so that the HKPL would cope effectively with such a major change.**

Need for strategic resource management

7.13   In PART 6, Audit has highlighted scope for improvement in public library services to meet increasing public expectations (e.g. extending the library opening hours), as well as to capitalise on the latest technology in library management (e.g. use of the Internet and the RFID technology).   However, these improvements may have significant financial implications (see paras. 6.7(b) and 6.18). **Audit considers that the LCSD should address the need for further improvements of the public library services (including extending library opening hours and introducing the RFID technology) in formulating the strategic plan for the HKPL.**

Audit recommendations

7.14   **Audit has** *recommended* **that the Director of Leisure and Cultural Services should:**

(a)   **accord priority to formulating and promulgating a strategic plan for the HKPL; and**

(b)   **in formulating the strategic plan for the HKPL:**

(i)   **take into account the impending DCs' involvement in the management of public libraries; and**

(ii)   **address the need for further improvements of the public library services.**

Response from the Administration

7.15   The **Director of Leisure and Cultural Services** accepts the audit recommendations. He has said that:

(a)   in drawing up the strategic plan, the HKPL would also take into account the latest demographic changes as revealed in the latest census statistics, the introduction of the RFID technology, the involvement of DCs in the management of public libraries, and the expressed needs for further improvement of the public library services; and

(b)   the Committee on Libraries (see para. 7.10) has already reviewed and made recommendations on the development of library services including policy on collection development, application of IT, promotion of reading, partnership with local community in fostering the provision of library service, as well as the role of the Hong Kong Central Library. Formulation of HKPL's strategic development plan would follow after the formal acceptance of the Committee's recommendation report.

Performance management

7.16   According to the IFLA Guidelines, the availability of reliable performance information is a necessary tool for the evaluation and improvement of efficiency, effectiveness and quality of public library services. Key performance indicators (KPIs) suggested by the IFLA Guidelines for evaluating and monitoring the achievement of the public libraries' objectives include:

(a)   resource indicators;

(b)   usage indicators;

(c)   human resource indicators;

(d)   cost indicators;

(e)   qualitative indicators; and

(f)   comparative indicators.

Appendix E shows examples of these KPIs.

Audit observations

Need to develop more useful KPIs

7.17   In the 2002 audit review, Audit noted that only some of the KPIs suggested by the IFLA Guidelines had been used by the LCSD. In response to the audit recommendation that the LCSD should develop more useful KPIs, the Director of Leisure and Cultural Services said that a set of useful KPIs would be devised with reference to the IFLA Guidelines and the 2002 consultants' recommendations.

7.18   At present, the HKPL uses a set of performance indicators and collects statistics in respect of these indicators on a regular basis. The KPIs published in the LCSD's Controlling Officer's Reports (CORs) for the years 2000 to 2006 are shown at Appendix F. Audit notes that these KPIs are mainly resource/usage indicators.   There are no cost indicators (e.g. unit costs), qualitative indicators (e.g. user satisfaction surveys), and comparative indicators (e.g. benchmarking information against that of comparable library services).

Audit recommendation

7.19   **Audit has *recommended* that the Director of Leisure and Cultural Services should consider including more useful KPIs (e.g. those suggested by the IFLA Guidelines) in the COR to enhance performance management and reporting.**

Response from the Administration

7.20   The **Director of Leisure and Cultural Services** accepts the audit recommendation. He has said that the HKPL has already made reference to the KPIs in the IFLA Guidelines when updating the 2007-08 COR for the library service.

7.21   The **Secretary for Financial Services and the Treasury** generally agrees with the audit observations and recommendation on performance measurement. He has said that he will remind the LCSD to consider revising the performance indicators in the light of the audit recommendation during the preparation of the 2008-09 Draft Estimates.

**Examples of libraries using, or planning to use
the RFID technology in library management**

China

(a)   *Shenzhen.*   The new Shenzhen Library, the first library to introduce the RFID technology in China, was opened in July 2006. The RFID technology will help ensure that readers utilise the library efficiently and provide a powerful technical safeguard against theft;

(b)   *Hong Kong.*   The University of Hong Kong is planning to implement RFID systems in its libraries in the summer of 2007. It is the first university library in Hong Kong to do so. Its RFID systems will automate various library procedures, including book borrowing, stocktaking and sending reminders to users for the return of books on loan, and generate savings in library staff resources;

Overseas

(c)   *Singapore.*   RFID systems were implemented in public libraries in Singapore in 1999. Singapore is one of the pioneer countries in the world to make use of the RFID technology in the public library system. The results of using RFID systems in library management in Singapore have been remarkable. For instance, RFID systems helped drastically reduce the time spent in library stocktaking. At present, an entire stocktaking exercise at a library is completed overnight. Previously, with the barcoding technology, a stocktake would require a library closure of two to three days. The RFID technology also enables libraries to take inventory of their book stocks easily, and to locate and check missing or misplaced books;

(d)   *USA.*   A recent market research showed that in the USA, there were about 60 libraries with approximately 10 million books using the RFID technology;

(e)   *The Netherlands.*   In 2005, the Amsterdam Public Library and its 25 branches used the RFID technology to manage their operations and improve the inventory system; and

(f)   *Germany.*   In 2006, all public libraries in Munich and Hamburg began implementing RFID systems.

Source: Audit research

Examples of library items acquired for the new library in Tin Shui Wai
(November 2006)

Item No.	Date of acquisition (Note)	Title	Number of copies	Amount ($)
Books relating to the use of personal computers				
1	February 2005	Microsoft Windows server 2003 administrator's companion	1	414.89
2	September 2005	Linux Beginner 2005	1	40.14
3	April 2006	Office 2003 入門與應用	2	128.94
4	May 2006	Access 2003：精選教材隨手翻	1	24.18
5	June 2006	Excel 2003：精選教材隨手翻	1	24.18
6	June 2006	PowerPoint 2003：精選教材隨手翻	1	24.18
7	June 2006	Word 2003：精選教材隨手翻	1	24.18
8	June 2006	舞動 Office 2003 入門中文版	1	64.47
9	June 2006	Outlook 2003 快學快用手冊	1	26.73
10	June 2006	Windows Server 2003 企業伺服器建構與管理實務	3	249.81
11	June 2006	Access 2003 學習導引手冊	2	131.62
12	June 2006	Excel 2003 實戰手冊	3	193.41
13	June 2006	Microsoft Word 2003 使用手冊	10	658.10
14	July 2006	PowerPoint 2003 學習導引手冊	1	61.78
15	July 2006	Microsoft PowerPoint 2003 使用手冊	6	362.64
16	July 2006	Excel 2003 商用範例實作：財會、管理、分析、理財	3	217.59
17	July 2006	Microsoft Office 2003 非常 easy	3	233.70
18	July 2006	Microsoft Access 2003 使用手冊	6	394.86
19	August 2006	Microsoft Excel 2003 使用手冊	6	394.86
20	September 2006	Excel 2003 學習導引手冊	2	131.62
21	September 2006	Office 2003 學習導引手冊	2	150.42
22	September 2006	Excel 2003 完整學習與實務應用大全	2	150.42
Books relating to analysis of securities markets				
23	September 2005	2005 投資通勝	1	42.84
24	June 2006	香港股票指南 2005-2006 上冊：藍籌、紅籌、國企	3	178.65
25	June 2006	香港股票指南 2005-2006 下冊：主版上市公司	3	178.65
26	July 2006	2006 投資通勝	2	85.68

Source: LCSD records

Note: The new library in Tin Shui Wai is scheduled to open in 2011.

Opening hours of different types of public libraries

Libraries in urban areas		Libraries in the New Territories	
Hong Kong Central Library ***(74 hours per week)***			
Monday to Sunday (Except Wednesday)	10 a.m. to 9 p.m.		
Wednesday	1 p.m. to 9 p.m.		
Public Holidays	10 a.m. to 7 p.m.		
Major/District libraries (61 hours per week)		***Major/District libraries (62 hours per week)*** ***(Note 1)***	
Monday to Thursday	10 a.m. to 7 p.m.	Monday to Friday (Except closing day on Monday or Thursday)	9 a.m. to 8 p.m.
Friday	10 a.m. to 9 p.m.		
Saturday, Sunday and Public Holidays	10 a.m. to 5 p.m.	Saturday	9 a.m. to 7 p.m.
		Sunday and Public Holidays	9 a.m. to 5 p.m.
Small libraries (50 hours per week)		***Small libraries (39 hours per week) (Note 2)***	
Monday to Wednesday	10 a.m. to 7 p.m.	Monday, Wednesday and Saturday	10 a.m. to 1 p.m. 2 p.m. to 6 p.m.
Thursday	Closed	Thursday	Closed
Friday	10 a.m. to 7 p.m.	Tuesday and Friday	1 p.m. to 8 p.m.
Saturday and Sunday	10 a.m. to 5 p.m.	Sunday and Public Holidays	9 a.m. to 1 p.m.
Public Holidays	10 a.m. to 1 p.m.		
Mobile libraries (42 hours per week)		***Mobile libraries (42 hours per week)***	
Monday to Saturday	10 a.m. to 1 p.m. 2 p.m. to 6 p.m.	Monday to Saturday	10 a.m. to 1 p.m. 2 p.m. to 6 p.m.
Sunday and Public Holidays	Closed	Sunday and Public Holidays	Closed

Source: LCSD records

Note 1:   The Cheung Chau Public Library, which is a district library, has slightly different opening hours with a weekly total of 60 hours.

Note 2:   The opening hours shown apply to 3 of the 11 small libraries. The remaining 8 small libraries have different opening hours, with a weekly total ranging from 14 to 56 hours.

Guidelines on planning and policy development of public libraries

According to the IFLA Guidelines:

(a)   planning ensures, among other things, that:

    (i)   the public library responds to the needs of the community;

    (ii)   the governing body, management and staff understand what the public library is trying to achieve;

    (iii)   community funds are spent in an effective and responsible manner; and

    (iv)   the public library is able to respond effectively to change;

(b)   planning should take place in conjunction with the governing and funding bodies, the library staff, and the actual and potential clients served;

(c)   a strategic plan must be user-focused and should include the following key elements:

    (i)   review of achievements;

    (ii)   examination of needs;

    (iii)   identification of priorities and goals;

    (iv)   development of strategies for achieving goals;

    (v)   identification of critical success factors;

    (vi)   budget allocation;

    (vii)   deployment of resources to achieve optimum performance;

    (viii)   measurement and evaluation of input and output performance; and

    (ix)   reassessment of needs and policies;

(d)   an operational plan is necessary to ensure that the activities of the public library are focused on achieving the priorities and goals identified in the strategic plan; and

(e)   strategic and operational plans require formulation, documentation and adoption.

Source: IFLA Guidelines issued in 2001

Examples of key performance indicators for public library services

Resource indicators	total stock per capita
	provision of terminals/personal computers per capita
	provision of online public access computers per capita
Usage indicators	membership as a percentage of the population
	loans per capita
	loans per item
	loans per opening hour
	total library visits per capita
	reference enquiries per capita
	number of access to electronic services and other non-print materials
Human resource indicators	ratio of full time equivalent staff to population
	ratio of professional staff to population
Cost indicators	unit costs for functions, services and activities
	staff costs per functions, e.g. books processed and programmes
	total costs per capita, per member, per visitor, per service point, etc.
Qualitative indicators	user satisfaction surveys
	enquiries satisfied
Comparative indicators	benchmarking of statistical data against other relevant and comparable library services, internationally, nationally and locally

Source: IFLA Guidelines issued in 2001

**Key performance indicators of the Hong Kong Public Libraries
(2000 — 2006)**

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**
Books and audio-visual materials in stock (million)	8.3	9.4	9.6	10.2	11.1	11.6	11.9
Library stock per capita	1.3	1.4	1.4	1.5	1.6	1.7	1.7
Items of library materials borrowed (million)	34.5	42.5	53.3	58.6	62.1	61.0	61.3
Registered borrowers (million)	2.5	2.5	2.8	3.0	3.1	3.3	3.4
Items on loan per registered borrower	13.9	16.7	19.2	19.8	19.8	18.5	17.8
Items on loan per capita	5.2	6.3	7.9	8.5	9.1	8.8	8.8
Registered borrowers as percentage of population (%)	37.3	37.8	40.9	43.1	45.9	47.6	49.2
Enquiries handled (million)	1.1	2.6	3.8	3.9	4.0	4.1	4.1
Enquiries per capita	0.2	0.4	0.6	0.6	0.6	0.6	0.6
Extension activities programmes ('000)	14.8	17.6	17.5	15.2	17.0	18.5	18.9
Number of libraries	67	69	69	70	72	74	76

Source: CORs of the LCSD

Acronyms and abbreviations

Audit	Audit Commission
CDB	Collection Development Board
CHC	Cultural and Heritage Commission
COR	Controlling Officer's Report
CSD	Correctional Services Department
DC	District Council
DFMC	District Facilities Management Committee
FAR	Financial and Accounting Regulation
GLD	Government Logistics Department
HKPL	Hong Kong Public Libraries
ICAC	Independent Commission Against Corruption
IFLA	International Federation of Library Associations and Institutions
ISN	Internet Services Network
IT	Information technology
KPIs	Key performance indicators
LAS	Library Automation System
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
MMIS	Multimedia Information System
RFID	Radio Frequency Identification
SAI	Standing Accounting Instruction
SPR	Stores and Procurement Regulation
SMS	Short message service
TPU	Technical Processing Unit
UNESCO	United Nations Educational, Scientific and Cultural Organisation