



**AUDITOR GENERAL'S**  
DEPARTMENT OF JAMAICA



# *Jamaica Library Service (JLS)*

## *Governance and Resource Management*

### **Performance Audit Report**

The Auditor General is appointed by the Governor General and is required by the Constitution, Financial Administration and Audit Act, other sundry acts and letters of engagement, to conduct audits at least once per year of the accounts, financial transactions, operations and financial statements of central government ministries and departments, local government agencies, statutory bodies and government companies.

The Department is headed by the Auditor General, Pamela Monroe Ellis, who submits her reports to the Speaker of the House of Representatives in accordance with Section 122 of the Constitution of Jamaica and Section 29 of the Financial Administration and Audit Act.

This report was prepared by the Auditor General's Department of Jamaica for presentation to the House of Representatives.

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## Overview

When the Jamaica Library Service (JLS) was established in 1948, there was a need for access to free printed information. Since then, innovations and advancements in communication technologies created easier and greater access to information by way of electronic means. This worldwide phenomenon puts traditional libraries, like those managed by JLS, at a turning point by presenting major challenges relating to their relevance and cost-effectiveness. The Government of Jamaica (GOJ) allocated \$4.7 billion, between 2014-15 and 2018-19, to provide library service through a network of 13 parish libraries and over 100 branch libraries, with more than 700 employees. The International Federation of Library Associations (IFLA) indicated that public libraries play a role in contributing to the Sustainable Development Goals (SDGs) by supporting digital inclusion through access to Information and Communication Technology (ICT). This supports Vision 2030 Jamaica National Development Plan (NDP) Goal 3, National Outcome #11 for the country to become a “Technology-Enabled Society”. Ministry of Education, Youth and Information (MoEYI), the Parent Ministry of JLS, is the agency responsible for increasing the use of technology as a tool for enhancing teaching and learning, and to promote literacy and education in contributing to Jamaica achieving “World-Class Education and Training”.

We conducted an audit of JLS to review aspects of its corporate governance processes to determine the extent to which JLS measured and responded to the impact of technological changes to remain relevant and cost-effective, while contributing to Vision 2030 Jamaica NDP and the UN SDGs. We also assessed compliance standards in JLS financial and human resource management.

The Audit revealed weaknesses in JLS governance systems, resulting from the Board of Directors failing in its corporate governance responsibilities, while the Parent Ministry appeared to offer little or no strategic support. Although JLS spent significant sums to introduce and maintain ICT Infrastructure in libraries, the number of people using public libraries has fallen, triggered by a shift in how people access and use information through technology, and there was no evidence of effort to rationalize and reallocate resources to minimize waste and create greater cost-effectiveness. The GoJ recently provided \$128 million in the 2019-20 supplementary estimates to upgrade public libraries and purchase books. JLS runs the risk of not spending this allocation wisely, if it undertakes upgrading activities without an island wide review of the library service.

I thank the management and staff of JLS for the cooperation and assistance given to my staff, during the audit and urge JLS and the MoEYI to take urgent actions to implement the recommendations in this report.



Pamela Monroe Ellis, FCCA, FCA  
**Auditor General**

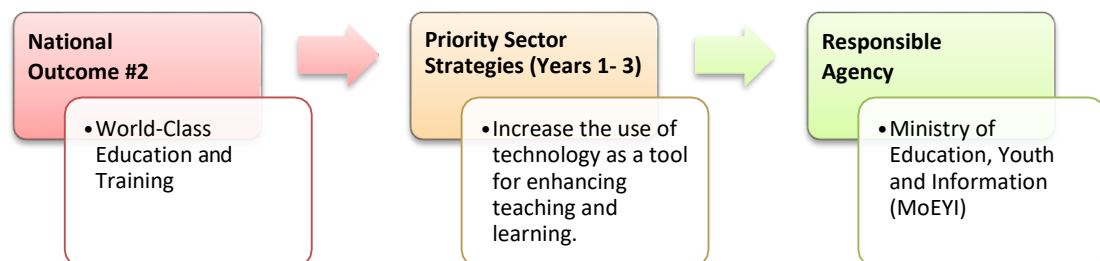


## Summary

The Jamaica Library Service (JLS) includes a network of 13 parish libraries and 103 branch libraries, which provides access to information for educational, research and recreational purposes at little or no cost to the users. This service is subsidized by the Government of Jamaica (GOJ). Within the last five years, the approved budget for JLS increased to \$1.05 billion in 2018-19 from \$868 million in 2014-15. However, the way people access and use information has changed dramatically in the 21st century. This worldwide phenomenon puts public libraries, like those managed by JLS, at a turning point by presenting major challenges relating to their relevance and cost-effectiveness<sup>1</sup>. As innovations and advancements in communication technologies created easier and greater access to electronic information, there is a ripple effect in the number of users and the frequency in which users visit libraries. The International Federation of Library Associations (IFLA) alluded to the need for public libraries to be equipped with the appropriate communication technologies and formulate strategies that will support their relevance and cost-effectiveness.

Vision 2030 Jamaica National Development Plan (NDP) did not make any specific or obvious reference to JLS. However, JLS is a member of the International Federation of Library Associations (IFLA), which indicated that public libraries play a role in contributing to the Sustainable Development Goals (SDGs) by supporting digital inclusion through access to Information and Communication Technology (ICT) and dedicated staff to help people develop new digital skills<sup>2</sup>. Vision 2030 Jamaica NDP Goal 3, National Outcome #11 is for Jamaica to become a “Technology-Enabled Society”. Ministry of Education, Youth and Information (MoEYI), the Parent Ministry of JLS, is the agency responsible for increasing the use of technology as a tool for enhancing teaching and learning, and to promote literacy and education in contributing to Jamaica achieving “World-Class Education and Training”<sup>3</sup>.

### Vision 2030 Jamaica National Development Plan (NDP)



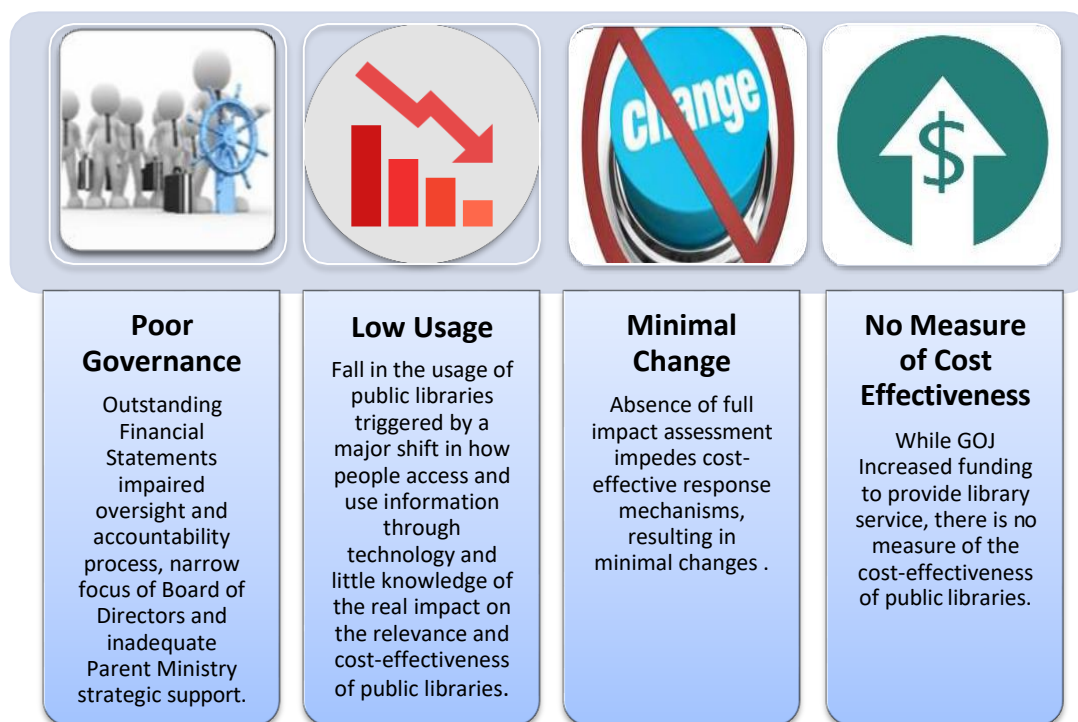
We conducted an audit of the library service to determine the extent to which JLS measured and responded to the impact of technological changes while contributing to Vision 2030 Jamaica National Development Plan (NDP) and the United Nations Sustainable Development Goals (SDGs). We also assessed whether aspects of JLS financial and human resource management were consistent with good practices and accorded with GoJ regulations. The audit did not seek to prescribe the strategies, which should be considered in responding to change.

<sup>1</sup> [Why do we still need public libraries in the digital age?](https://www.britishcouncil.org/voices-magazine/why-do-we-still-need-public-libraries-in-the-digital-age) 19 September 2014 britishcouncil.org/voices-magazine

<sup>2</sup> SDG website: <https://sustainabledevelopment.un.org/partnership/?p=10909>

<sup>3</sup> NDP Goal #1, National Outcome #2 – “World-Class Education and Training”

## What we Found



## Strategic Direction

1. **Contrary to accountability and compliance standards, JLS Board of Directors did not prepare annual reports and financial statements.** JLS breached statutory regulations by its failure to submit to the responsible Minister the required annual reports since 2014-15<sup>4</sup>. JLS received budgetary support of \$4.7 billion, between 2014-15 and 2018-19, and collected revenue from income generating activities for which there were no audited financial statements to explain how these monies were spent. Its non-submission of the annual reports and audited financial statements for five years diminished the level of oversight that Parliament could provide and the process of holding management accountable for their performance. This was exacerbated by a weak internal control function, given that there was no evidence that JLS internal audit unit conducted any reviews of the operations of JLS Head Office within the last seven years, 2012 to 2019.

<sup>4</sup> Financial Administrative and Audit (FAA) Act and Jamaica Library Service (JLS) Act

JLS Act Section 7 (c) of the Jamaica Library Service Act of 1961 which stipulates that; the duties of the Board shall be to prepare and to submit to the Minister not later than the 31st day of July in each year, a report of the activities of the Board and a financial statement of all receipts and expenditure by the Board during the preceding year ending 31st day of March, and such report and financial statement shall be laid on the Tables of the Senate and the House of Representatives. Section 13 also requires that the statements be audited annually in such manners as maybe approved by the Auditor General.



JLS indicated that its inability to attract and keep competent accountants has contributed to its failure to improve its financial reporting, including maintenance of timely accounting records, to enable the preparation of financial statements for the outstanding years.

2. **JLS Board of Directors failed to convene regular meetings to review the performance and set the strategic direction of JLS, which indicates a major deficiency in its governance processes.** After convening a meeting in November 2017, the Board did not meet again until July 2018. Another meeting of the Board was held in March 2019, indicating a gap of eight months between meetings. We reviewed the minutes of the seven meetings held by the Board within a two-year period, June 2, 2016 to July 10, 2018, and noted that the Board paid little attention to JLS's long-term strategic priorities. We also noted that the tenure of the Board expired April 2019 and the new Board, which was appointed in September 2019, convened its first meeting in December 2019. In addition, JLS did not submit minutes of its Board meetings to MoEYI. On the other hand, MoEYI did not seek to ensure JLS compliance, which meant that, as Parent Ministry, its oversight function would have been impaired. This lack of strategic direction and oversight represents a breakdown in established monitoring arrangements for public bodies under the Corporate Governance Framework<sup>5</sup>.

The International Federation of Library Associations (IFLA) and other sources suggested that the internet adversely impacted traditional library services<sup>6</sup>. In responding to this impact and supporting the achievement of Vision 2030 Jamaica NDP and the SDGs, JLS implemented mitigating measures by installing Information and Communication Technology (ICT) infrastructure in its library network. In 1999, JLS began providing free computer and internet access at its parish and branch libraries to improve opportunities for access to online information<sup>7</sup>. As at December 2019, all 13 parish libraries and 93 of the branch libraries offer computer and internet services. JLS noted that over 30,000 users have been trained since the introduction of a computer training programme in the year 2000 for senior citizens.

<sup>5</sup>Principle 15: Monitoring Arrangement by Ministries "The Permanent Secretaries as chief advisors to the Ministers are required to monitor performance against expected results, manage risks and advise/inform the Minister accordingly, on Public Bodies which operate within the portfolio responsibility of the Ministry. They also ensure coordination among Public Bodies within the Ministry's portfolio which enhances policy coherence. They should know what is happening in the Public Bodies in order to assess whether the strategic objectives of the Ministry are being met through the Public Bodies."

<sup>6</sup> [Why do we still need public libraries in the digital age?](#) 19 September 2014 britishcouncil.org/voices-magazine, IFLA World Library and Information Congress: 78th IFLA General Conference and Assembly; The Book Seller – England : [Library usage falls nearly 30% since 2005](#) Published February 2, 2017.

11-17 August 2012

<sup>7</sup> Extracted from JLS Strategic Business Plan 2016-19: "The Jamaica library Service is positioning itself to remain visible and relevant amidst the growing body of online resources and new technological facilities by acquiring a number of computers and setting up internet service (including wireless) island-wide. This is being done through the Global Libraries Project, which seeks to provide new and enhanced programmes and services responsive to users/ non-users' and stakeholders' needs as well as promoting programmes and services to existing and potential users to increase library usage and improving awareness of the value of public libraries in communities in order to build local and national support."

JLS indicated that it spent \$95.6 million to purchase computers, in addition to \$29.7 million to upgrade and maintain its information technology infrastructure, between April 2014 and March 2019. The recurrent cost for the internet service amounted to approximately \$13.3 million. These ICT initiatives supported JLS' effort to contribute to the achievement of the Vision 2030 NDP and the SDGs. However, there is no evidence that consideration was given to creating a balance between the cost to operate the network of public libraries and their effectiveness, given the fall in usage patterns despite the introduction of ICT infrastructure (**Table 3**).

3. **Our review of library visits over the three-year period, 2016-17 to 2018-19, showed that visits in nine of the 13 parishes fell by an overall 24 per cent, with the rates of decline ranging from 13 per cent to as much as 73 per cent.** JLS did not disaggregate the information to show the number of visits at its branch libraries, where usage trends would have been impacted significantly. Consequently, we were unable to analyse labour efficiency and cost-effectiveness of parish and branch libraries. In 2019, as part of its recently initiated Strategic Review and Rationalization process, JLS conducted a profile on 14 of the 103 branch libraries (13.6 per cent) that were considered to be low performing. The reports showed that the daily average number visits at 12 of the 14 branch libraries was below the daily threshold of 25 users established by JLS, while only two of the libraries met the threshold. For example, daily visits at three of the 14 libraries averaged between two to four users.

Our analysis of library usage data provided by JLS, for 2015-16 to 2018-19, revealed that fewer persons are visiting public libraries for the traditional purposes; while more visits are for ICT related services. Traditionally, people visited libraries to borrow books and access reference materials. Lately, people visited libraries to access reprographic and ICT services. Our analysis revealed that users mainly visited libraries to access reprographic and ICT services<sup>8</sup>. Reprographic services accounted for 49 per cent of visits, while ICT services accounted for 26 per cent, reference consultation 12 per cent and only 13 per cent related to users borrowing books. In addition, except for visits for ICT services that increased by 42 per cent, all other services showed declines in usage. The number of visits to borrow books declined by 63 per cent, followed by reprographic services and reference consultation, which declined by 33 per cent and 27 per cent respectively.

4. **While 12 of the libraries were underutilized, JLS continued to pay lease, utility, maintenance and staff costs to operate them.** JLS did not provide the actual operating expenditure for the libraries, but indicated that it made recommendations to MoEYI for the closure of the 14 libraries. However, MoEYI instructed that no library should be closed pending further review for budgetary support or Cabinet approval for closure. JLS indicated that public library usage has been significantly impacted by inadequate resources, which resulted in compromised service standards and delivery of other non-technology programmes. JLS pointed to the high levels of attrition owing to low levels of remuneration as a factor affecting its

<sup>8</sup> **Reprographic services:** Photocopying, Printing, Scanning, Laminating, Facsimile and Spiral Binding.

**ICT services:** Internet, Wi-Fi and Computer access,

human resource capabilities. However, JLS did not provide the relevant information for us to assess the rate of attrition and resource utilization.

5. **JLS is yet to conduct a review of usage patterns at all libraries to have full knowledge of their cost-effectiveness.** Therefore, JLS was not fully aware of all underutilized branch libraries that would necessitate rationalization and reallocation of resources to locations where there are greater usage. We noted minimal changes to the structure of public libraries over the years. In its draft 2014-15 annual report, JLS indicated it had 109 branch libraries and at November 2019 the library network included 103 branch libraries, which suggests that JLS closed six branch libraries in the last five years. Parish and branch libraries are cost centres that would have affected JLS annual operating costs, which we were not able to analyse due to the absence of financial statements and disaggregated expenditure and operational information. In addition, JLS did not provide disaggregated financial information for individual libraries across its network, which includes operational cost and revenue from income generating activities for the last five years, 2014-15 to 2018-19. Having full knowledge of the cost-effectiveness of individual libraries, JLS would be better able to rationalize and reallocate its resources to minimize waste and create greater value. JLS informed us that it conducted a Needs Assessment and Baseline Study in 2014 and two ICT impact assessments in 2016 and 2017. However, the Needs Assessment, Baseline Study and ICT impact assessments were specific to the introduction of ICT in libraries and not the usage, efficiency and relevance of public libraries.
6. **In addition, GOJ provided \$128 million in the 2019-20 supplementary estimates for the upgrading of public libraries and to purchase books.** However, JLS has not developed and implemented a structured plan, for this upgrading programme, which would have provided a good opportunity for JLS to respond more effectively to changes impacting the relevance of traditional library services. There is no evidence that the Board of Directors articulated a medium to long-term plan to effectively respond to new and emerging information technology changes. A library network is a public good, but there is need for JLS to create a balance between the cost to operate the network and efficiency and effectiveness.

## Operational and Financial Functions

7. **JLS employed and appointed individual employees in various posts upon the approval of the Ministry of Finance and the Public Service (MoFPS).** The MoFPS is yet to finalize and approve a list of established posts for JLS, a necessary first-step in maintaining recruitment and payroll control. JLS payroll summary for November 2019 indicated that 724 employees were paid salaries and travelling allowances totalling \$49 million. However, upon repeated requests for a current staff list, JLS provided three lists, which were either inaccurate or incomplete. In December 2019, JLS provided another list that indicated 844 employees, revealing a major disparity with the payroll summary. In light of the decline in library usage, we expected JLS to assess its workload utilization to determine staffing levels and performance for efficient and cost-effective service delivery.

8. **JLS did not have contracts in place to govern the provision of security services at its head office and two other locations.** JLS engaged three security companies without written contracts and made payments totalling \$20.6 million between April 2016 to August 2019. JLS action to engage the suppliers using the direct contracting methodology was in breach of Section 1.1.4 of the Procurement Guidelines. This arrangement prevented JLS from ensuring that it has obtained the best possible prices on a competitive basis. Without formal contracts, which would establish performance criteria, we could not determine how JLS satisfied itself that the suppliers met expectations. The absence of formal contracts could have denied JLS of surety of services and may leave JLS without recourse in the event of losses related to unsatisfactory performance.

**What should be done:**

Better Oversight	Strategic Review	Adhere to Procurement Rules
<ul style="list-style-type: none"> <li>•The Board of Directors should improve the oversight of JLS and the MoEYI should ensure JLS compliance with its reporting obligations. All outstanding annual reports including financial statements should be prepared forthwith and presented for auditing.</li> </ul>	<ul style="list-style-type: none"> <li>•There is an urgent requirement for JLS and, by extension, MoEYI to conduct a thorough review of the usage of public libraries islandwide with a view to explore opportunities for improved services through technology and cost consolidation. This is necessary to inform the need for rationalization and reallocation of resources.</li> </ul>	<ul style="list-style-type: none"> <li>•In the short-term, JLS needs to regularize contracts for security services by adhering to the procurement guidelines in the selection and awarding of contracts.</li> </ul>



**1.4** We examined the accounting records and financial transactions of JLS for the period April 2016 to August 2019. In gaining an understanding of JLS, we assessed the financial, operational and environmental risk and directed our audit focus to the riskier areas as appropriate. The audit focused on JLS governance, internal controls and risk management as well as aspects of JLS operational and financial management functions. The audit findings and observations, therefore, should not be regarded as representing a comprehensive statement of all the weaknesses and improvements that exist at JLS.

### **Management's Responsibility**

**1.5** Management is responsible for designing, implementing and maintaining internal controls relevant to the activities of JLS and to formulate and implement effective strategies for efficient and cost-effective use of resources. It is the responsibility of management to ensure that the governance, internal control and risk management framework are designed and managed in accordance with the FAA Act, Regulations and its Instructions, other government guidelines and best practices.

### **Auditor's Responsibility**

**1.6** Our work was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) and Fundamental Auditing Principles and Guidelines. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the activities, financial transactions and information reflected in the accounts are in all material respects, in compliance with the Government of Jamaica Regulations and Guidelines. Our responsibility is to independently express an opinion on the effectiveness of JLS governance, internal controls and risk management framework based on our audit.

### **Independence**

**1.7** We consider that we comply with the Auditing Practices Board (APB) ethical standards and that, in our professional judgment, we are independent and our objectivity is not compromised. There are no relationships between the Auditor General's Department and the JLS that we consider to bear on our objectivity and independence.

## Part Two

### Strategic Direction

**2.1** The way people access and use information has changed dramatically in the 21st century. This world-wide phenomenon puts public libraries at a turning point by presenting major challenges relating to their relevance and cost-effectiveness<sup>11</sup>. The increase in information and communication technologies created easier and more efficient ways to access information electronically. Globally, there is a reported fallout in the number of users and the frequency in which people visit libraries. This heightens the need for public libraries to be strategic and adapt to the new trends to survive in this digital age, in order to remain relevant and cost effective.

**2.2** JLS annual request for budgetary support averaged \$1.9 billion, between 2014-15 and 2018-19. Over that period, GOJ annual approved budget for library service averaged \$938 million, reflecting an average budgetary shortfall of \$973 million (**Table 1**). This heightens the need for JLS to ensure that it better managed the distribution of its limited resources in a cost-effective manner, given the declining trends in the usage patterns at public libraries. JLS operates 13 parish libraries, 103 branch libraries. These are cost centres that would have affected JLS annual operating costs.

**Table 1** JLS Budget Request, Funding and Shortfall 2014-15 to 2018-19

Details	Average 2014-19	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
School Library	78,401	75,471	76,425	72,296	83,906	83,906
Public Library	860,096	792,126	805,906	770,053	965,484	966,910
<b>Total</b>	<b>938,497</b>	<b>867,597</b>	<b>882,331</b>	<b>842,349</b>	<b>1,049,390</b>	<b>1,050,816</b>
Budget Request	1,911,359	1,811,779	1,572,940	2,025,188	2,004,605	2,142,283
<b>Excess/(Deficit)</b>	<b>(972,862)</b>	<b>(944,182)</b>	<b>(690,609)</b>	<b>(1,182,769)</b>	<b>(955,215)</b>	<b>(1,091,467)</b>

**Source:** JLS Financial Records

**2.3** Despite requests, JLS did not provide information relating to revenue earned from income generating activities and actual expenditure for that period (**Table 2**). This prevented us from assessing the level of support the GOJ provided to offset JLS operating cost. Notwithstanding, operational costs for library service is heavily subsidized by GOJ. Libraries are public good, but there is need to create a balance between the cost to operate them and their effectiveness.

<sup>11</sup> [Why do we still need public libraries in the digital age?](http://www.britishcouncil.org/voices-magazine/why-do-we-still-need-public-libraries-in-the-digital-age) 19 September 2014 britishcouncil.org/voices-magazine



**Table 2** Analysis of JLS Revenue, GoJ Subsidy and Expenditure, 2014-15 to 2018-19

Details	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Revenue <sup>12</sup>	N/P	N/P	N/P	N/P	N/P
Expenditure	N/P	N/P	N/P	N/P	N/P
Excess/(Deficit)	N/P	N/P	N/P	N/P	N/P
GOJ Subsidy	867,597	882,331	842,349	1,049,390	1,050,816
Subsidy %	CND	CND	CND	CND	CND

**Note:** N/P – Not Provided

CND – Could Not Determine

**Source:** JLS Financial Records

### JLS has not measured the impact that technological changes have on library service

**2.4** Part of the fiduciary responsibility of JLS Board of Directors is to set the strategic direction. An important first-step in doing so is to get a good understanding of the operational impact technological changes are having on library services and the cost implication. However, JLS did not make use of financial and library usage data to optimize its strategic decision making, to create greater cost saving and revenue generating opportunities. While parish and branch libraries submitted monthly data on library visits to JLS, there is no evidence that JLS analysed the data to use the information for cost-effective decision-making.

**2.5** Further, JLS did not provide relevant financial information for individual libraries across its network, to include revenue from income generating activities and operational cost for the last five years, 2014-15 to 2018-19. JLS recently formalized efforts to collate library usage data. A review of library visits over the three-year period, 2016-17 to 2018-19, showed that visits in nine of the 13 parishes fell by an overall 24 per cent, with the rates of decline ranging from 13 per cent to as much as 73 per cent (**Table 3**). Our analysis was further limited as JLS did not disaggregate the information to show the number of visits at its branch libraries, where usage trends would have been impacted significantly by the changes in information technology. Consequently, we were unable to analyse labour efficiency and cost-effectiveness of parish and branch libraries.

<sup>12</sup> Revenue from income generating activities



**Table 3** Actual Library Visits 2014-15 to 2018-19

No.	Parish	[A] 2016-17	[B] 2017-18	[C] 2018-19	[C-A] Variance	%
1	Clarendon	237,356	210,182	159,572	(77,784)	(33)
2	Hanover	55,193	65,400	83,524	28,331	51
3	KSAPL	165,125	199,434	108,546	(56,579)	(34)
4	Manchester	188,880	151,338	133,071	(55,809)	(30)
5	Portland	256,503	331,490	444,669	188,166	73
6	St. Ann	154,607	168,392	161,448	6,841	4
7	St. Catherine	231,940	180,798	133,650	(98,290)	(42)
8	St. Elizabeth	124,188	122,415	107,578	(16,610)	(13)
9	St. James	164,465	164,291	136,620	(27,845)	(17)
10	St. Mary	743,738	673,201	201,890	(541,848)	(73)
11	St. Thomas	140,593	190,876	107,203	(33,390)	(24)
12	Trelawny	33,273	34,814	94,469	61,196	184
13	Westmoreland	177,132	191,489	147,207	(29,925)	(17)
	<b>Total</b>	<b>2,672,993</b>	<b>2,684,120</b>	<b>2,019,477</b>	<b>(653,546)</b>	<b>(24)</b>

**Note:** N/P – Not Provided

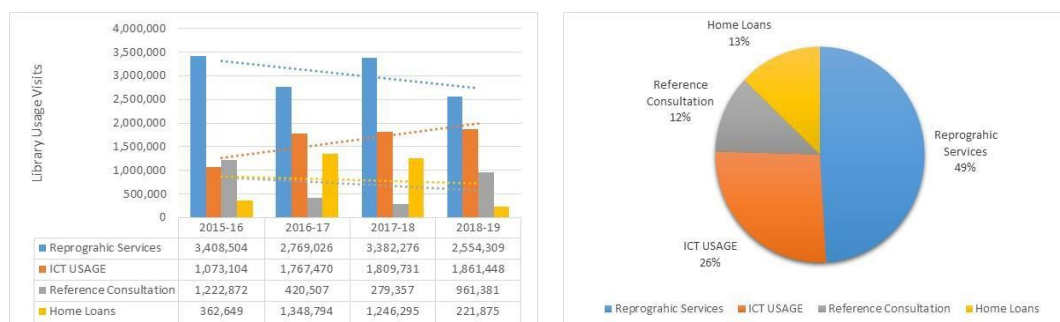
**Source:** Data provided by JLS

**2.6** In addition, JLS would be unaware of underutilized branch libraries that would necessitate rationalization and reallocation of resources to locations where there are greater usage to improve cost-effectiveness. We noted minimal changes to the structure of public libraries over the years and the unawareness of usage trends affected the adequacy of JLS response. In its draft 2014-15 annual report, JLS indicated it had 109 branch libraries and at November 2019 the library network included 103 branch libraries, which suggests that JLS closed six branch libraries in the last five years. Traditionally, people visited libraries to borrow books and access reference materials (reference consultation) and lately to access reprographic and ICT services<sup>13</sup>. Individual libraries in JLS network record the purpose for each user's visit. JLS collated and provide library service usage data for four years, 2015-16 to 2018-19.

**2.7** Our analysis of the data, as shown in **Figure 1**, revealed that users mainly visited libraries to access reprographic and ICT services. Reprographic services accounted for 49 per cent of visits, while ICT services accounted for 26 per cent, reference consultation 12 per cent and only 13 per cent related users borrowing books (home loans). In addition, except for visits for ICT related services that increased by 42 per cent, between 2015-16 and 2018-19, all other services showed declines in usage. The number of visits to borrow books declined by 63 per cent, followed by reprographic services, 33 per cent and reference consultation, 27 per cent; indicating that fewer persons are visiting public libraries for the traditional purposes.

<sup>13</sup> **Reprographic services:** Photocopying, Printing, Scanning, Laminating, Facsimile and Spiral Binding.

**ICT services:** Internet, Wi-Fi and Computer access.

**Figure 1** JLS Library Service Usage 2015-16 to 2018-19

Source: Data provided by JLS

### JLS slow in conducting full review of library service to respond to technological changes

**2.8** In 2018 JLS commenced a strategic review of its library service network to examine the coverage and performance of all public libraries. However, JLS is yet to complete the review to understand better, the usage patterns and the cost-effectiveness to deliver library services at individual locations. Having full knowledge of the cost-effectiveness of libraries, JLS would be able to manage its resources more efficiently.

**2.9** In 2019, JLS conducted a profile of only 14 of its 103 branch libraries considered to be low performing and provided the draft profile reports. As shown in **Table 4**, the daily average number of visits at 12 of the 14 branch libraries was below daily threshold of 25 users established by JLS, while only two of the libraries met the threshold. For example, daily visits at three of the 14 libraries averaged between two to four users. While 12 of the libraries were underutilized, based on their profile results, JLS continued to pay lease, utility, maintenance and staff costs to operate them. JLS indicated that it made recommendations to the MoEYI for the closure of the 14 libraries; however, the MoEYI instructed that no library should be closed pending further review for budgetary support or Cabinet approval for closure.

**Table 4** Actual Library Usage 2014-15 to 2018-19

No.	Branch Library	Type	Estimated Population Served	Wi-Fi Availability	Staffing	Daily Average Usage	Daily Usage Threshold
1	Cross Keys, Manchester	Leased	2000	No	2	5-7	Below
2	Lancaster, Manchester	Leased	N/I	No	2	3-12	Below
3	Mount Pleasant, Portland	Leased	N/I	Yes	2	11-12	Below
4	Sturge Town, St. Ann	Other	N/I	No	2	2-4	Below
5	Mount Zion, St. Ann	Leased	N/I	No	2	6-9	Below
6	Runaway Bay, St. Ann	Leased	N/I	Yes	2	8-10	Below
7	Beeston Spring, Westmoreland	Owned	N/I	No	2	10-15	Below
8	Springfield, St. James	Leased	N/I	Yes	2	10-13	Below
9	Chatham, St. James	Leased	N/I	Yes	2	20-25	Meet
10	Pondside District, Great Valley, Hanover	Leased	N/I	Yes	2	2-4	Below
11	Pennants, Clarendon	Leased	N/I	Yes	3	20-25	Meet
12	James Hill, Clarendon	Leased	N/I	No	3	10-14	Below
13	Points Hill, St. Catherine	Owned	N/I	No	2	6-8	Below
14	Riversdale, St. Catherine	Leased	N/I	No	2	2-4	Below
	TOTAL					8-11	

**Note:** N/I – Not Indicated  
Other – Community Facility

**Source:** Data provided by JLS

**2.10** JLS commissioned a review and rationalization committee to gather evidence based data to determine continuation of service in some communities, inform program and service delivery and to respond to the changes in information technology. The committee met four times between May 2019 and November 2019. The terms of reference of the committee and the minutes of the meetings did not indicate timelines for the completion of the review.

**2.11** JLS informed us that it commissioned a Needs Assessment and a Baseline Study in 2014 to review Information and Communication Technology (ICT) services for user and non-user needs. The results of the Needs Assessment and a Baseline Study informed actions taken to introduce new and enhanced ICT programmes and services to library users. Subsequently, two ICT impact assessments were completed in 2016 and 2017. The Needs Assessment, Baseline Study and ICT impact assessments were specific to the introduction of ICT in branch libraries and not the usage, efficiency and relevance of public libraries.

### Absence of an informed cost-effective plan to respond well to change

**2.12** JLS acknowledged in its Strategic Business Plan 2016-2019, that “the availability of resources online may undermine the visibility and value of the library”. However, JLS indicated that the impact and relevance of public libraries globally is no longer confined to statistics on traffic and usage of traditional resources, but rather the contribution of libraries to personal and national development and the United Nations Sustainable Development Goals (SDGs). The International Federation of Library Associations alluded that public libraries play a role in contributing to the SDGs by supporting digital inclusion through access to Information and Communication Technology (ICT) and dedicated staff to help people develop new digital skills<sup>14</sup>.

**2.13** In responding to the adverse impact of technological changes and supporting the SDG, JLS implemented mitigating measures by installing ICT infrastructure, by installing computers and Internet service at its parish and branch libraries to improve opportunities for free access to online information<sup>15</sup>. As at December 2019, all 13 parish libraries and 93 of the branch libraries offered computer and internet services.

**Extract from JLS Response:** “The provision of computer and Internet access in parish libraries began in 1999. This service expanded to branch libraries island wide in successive years resulting in the provision of free access in 2008 to all citizens propelling the organization to become the single largest provider of free computer and internet access in the island. The library was lauded when the first computer training for senior citizens was introduced in 2000. The training programme which is offered free of cost has since expanded to include training for all categories of users resulting in over 30,000 users trained since the inception of this technology programme. These initiatives would have been developed over the years through the organizational strategic review and response to changes in the information and knowledge industry.”

**2.14** However, there is no evidence that consideration was given to creating a balance between the cost to operate the network of public libraries and their effectiveness, given the fall in usage patterns despite the introduction of ICT infrastructure. JLS indicated that it spent \$95.6 million to purchase computers, in addition to \$29.7 million to upgrade and maintain its information technology infrastructure, between April 2014 and March 2019. The recurrent cost for the internet service amounted to approximately \$13.3 million. However, JLS indicated that public library usage has been significantly impacted by inadequate resources, which resulted in compromised service standards and delivery of other non-

<sup>14</sup> SDG website: <https://sustainabledevelopment.un.org/partnership/?p=10909>

<sup>15</sup> **Extracted from JLS Strategic Business Plan 2016-19:** “The Jamaica library Service is positioning itself to remain visible and relevant amidst the growing body of online resources and new technological facilities by acquiring a number of computers and setting up internet service (including wireless) island-wide. This is being done through the Global Libraries Project, which seeks to provide new and enhanced programmes and services responsive to users/ non-users’ and stakeholders’ needs as well as promoting programmes and services to existing and potential users to increase library usage and improving awareness of the value of public libraries in communities in order to build local and national support.”

technology programmes. JLS pointed to the high levels of attrition owing to low level of remuneration as a factor affecting its human resource capabilities. However, JLS did not provide the relevant information for us to assess the rate of attrition and resource utilization.

**2.15** GoJ provided \$128 million in the 2019-20 supplementary estimates for the upgrading of public libraries and to purchase books. However, JLS has not proved that initiatives for upgrading public libraries were informed by proper impact assessment, considering the paradigm shift from the use of traditional library services to more technological means of accessing information. JLS has not demonstrated that it has developed and implemented a structured plan, for this upgrading programme, which provides a good opportunity for JLS to respond more effectively to changes impacting the relevance of traditional library services. Part of the problem is that there is no evidence that the Board of Directors articulated a medium to long-term plan to effectively respond to new and emerging information technology changes.

**2.16** JLS presented a risk register which, identified its key business processes, risk category, risk description, risk matrix and response. Of note, the specific risks relating to technological changes and the impact on library service were not included. We were therefore unable to determine how current the risk profile was, and how frequently it was updated, as the document was undated. However, JLS indicated that it submitted the risk portfolio to the Parent Ministry in October 2019. Periodic risk assessment is necessary for JLS to identify and manage key risks, in order to continuously rethink the delivery of public library service to curtail waste that may be associated with the decline in library usage.

**2.17** We noted that JLS operational plan for 2019-20 and risk management plan for 2019-21 were still at the draft stage awaiting submission to MoEYI for approval. However, these draft plans, in their current form, are narrowly focused as, for example, the risk management plan did not include the substantive issue of the quantifiable operational and financial challenges JLS faces and the strategies to address them.

### **No evidence that JLS's Board of Directors Considered its Strategic Direction**

**2.18** After convening a meeting in November 2017, the Board did not meet again until July 2018. At the time of the audit in October 2019, the last meeting of the Board was held in March 2019, indicating a gap of eight months between meetings. We reviewed the minutes of seven meetings held by Board of Directors within a two-year period, June 2, 2016 to July 10, 2018, and noted that the Board paid little attention to long-term strategic priorities in relation to JLS operations. Instead, dialogue among Board members was limited to making administrative decisions. We noted that the tenure of the Board expired April 2019 and the new Board, which was appointed in September 2019 convened its first meeting in December 2019.

### No evidence of strategic support from Parent Ministry

**2.19** We found no evidence that MoEYI effectively monitored the operations of JLS and provided strategic support to foster an innovative and cost effective environment. For example, we found no evidence that JLS submitted minutes of its Board meetings to MoEYI. MoEYI, on the other hand, did not seek to ensure JLS compliance, which means that its oversight function would have been impaired. This lack of oversight and strategic direction represents a breakdown in established monitoring arrangements for public bodies under the Corporate Governance Framework<sup>16</sup>.

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<sup>16</sup>Principle 15: Monitoring Arrangement by Ministries “The Permanent Secretaries as chief advisors to the Ministers are required to monitor performance against expected results, manage risks and advise/inform the Minister accordingly, on Public Bodies which operate within the portfolio responsibility of the Ministry. They also ensure coordination among Public Bodies within the Ministry's portfolio which enhances policy coherence. They should know what is happening in the Public Bodies in order to assess whether the strategic objectives of the Ministry are being met through the Public Bodies.”

## Part Three

### Financial and Human Resource Management

#### JLS governance is impacted by its failure to present timely financial statements

**31** JLS governance practices were inconsistent with the Public Bodies Management and Accountability (PBMA) Act, Corporate Governance and Accountability Frameworks, Ministry of Finance and the Public Service Circulars and the Jamaica Library Service Act. JLS breached these regulatory frameworks by not ensuring that it submits to the responsible Minister, the required annual reports. The last annual report, including audited financial statement, was for the financial year 2013-14. By its non-submission of the statutory annual reports and audited financial statements for five years, JLS has deprived the portfolio Ministry and Parliament of their oversight function regarding the financial and operational performance.

**32** In breach of JLS Act Section 7 (c), JLS has not accounted for sums allocated by Parliament over the period spanning 2014-15 to 2018-19. The annual estimates of expenditure showed that, over the last five years, 2014-15 to 2018-19, GOJ provided budgetary support of \$4.7 billion, averaging \$946 million each year. We also determined that JLS received income from its activities. However, JLS failed to provide us with the relevant information to allow for thorough analysis, despite requests. JLS's failure to provide financial statements over this period to account for its revenues and related expenditure was exacerbated by a weak internal control function, given that there was no evidence that JLS internal audit unit conducted any reviews of the operations of JLS Head Office within the last seven years, 2012 to 2019. At the time of the audit, only one of four internal audit positions was filled.

**33** Based on these deficiencies, JLS Board of Directors failed in its corporate governance responsibility to prepare and submit annual reports, including audited financial statements, to adhere to accountability and compliance standards. JLS indicated that its inability to attract and keep competent accounting officers has contributed to its failure to improve its financial reporting, including maintenance of timely accounting records, to enable the preparation of financial statements for the outstanding years.

#### JLS is operating without an approved staff establishment

**34** GoJ funding to offset JLS operating cost has also increased. Within the last five years, the approved budget for JLS increased to \$1.05 billion in 2018-19 from \$868 million in 2014-15, with an average 82 per cent of the budget allocated for staff related expenses each year<sup>17</sup> (Table 5). JLS employed and appointed individual employees in various posts upon MoFPS approval. At the time of the audit, JLS did not provide a current staff list that should be

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<sup>17</sup> Salary and Travelling Allowance

readily available, detailing the names and positions of all its employees and where they are located.

**Table 5** Approved budget for public library services 2014-15 to 2018-19

Particulars	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Compensation	702,160	716,894	676,912	808,887	808,887
Travel Expenses	23,223	23,223	23,223	23,323	23,323
Rental	16,960	16,960	16,960	16,860	18,286
Utilities	31,416	31,416	31,416	31,416	31,416
Goods and Services	50,000	50,000	50,000	50,000	50,000
Retirement Benefits	-	-	43,838	116,860	116,860
Capital Goods	43,838	43,838	-	2,044	2,044
<b>Total</b>	<b>867,597</b>	<b>882,331</b>	<b>842,349</b>	<b>1,049,390</b>	<b>1,050,816</b>
<b>Compensation %</b>	<b>84%</b>	<b>84%</b>	<b>83%</b>	<b>79%</b>	<b>79%</b>

**Source:** GoJ Estimates of Expenditure

**35** Further, MoFPS is yet to finalize and approve a list of established posts for JLS, a necessary first-step in maintaining recruitment and payroll control. JLS payroll summary for November 2019 indicated that 724 employees were paid salaries and travelling allowances totalling \$49 million. Upon repeated requests for a current staff list, JLS provided three lists, which were either inaccurate or incomplete. In December 2019, JLS provided another list that indicated 844 employees, demonstrating a major disparity with the payroll summary. In light of the decline in library usage, we expected JLS to assess its workload utilization to determine staffing levels and performance for efficient and cost-effective service delivery.

**JLS paid \$20 Million for security services without a signed contract in place.**

**36** JLS did not have contracts in place to govern the provision of security services at its head office, one parish library and one branch library. JLS engaged the companies without written contracts and made payments totalling \$20.6 million between April 2016 and August 2019. JLS action to engage the suppliers using the direct contracting methodology was in breach of Section 1.1.4 of the Procurement Guidelines. This arrangement prevented JLS from ensuring that it has obtained the best possible prices on a competitive basis.

**37** JLS's failure to manage efficiently its contractual arrangements would have prevented it from ensuring that it obtained value for money for the delivery of security service. Without valid contracts, which would establish performance criteria, we could not determine how JLS satisfied itself that the suppliers met expectations. The absence of formal contracts could have robbed JLS of surety of services and may leave JLS without recourse in the event of losses related to unsatisfactory performance.



### JLS ignored procedures for disposing assets

**38** JLS has not established a board of survey committee as stipulated by the MoFPS guidelines to deal with the disposal of assets<sup>18</sup>. We noted that the head of each department submitted a listing of all assets deemed irreparable to the Deputy Director of Administration, who compiled and submitted a list to the Ministry of Finance requesting that the items be board of surveyed. This contravenes the guideline, which stipulates that; A Board of Survey committee consisting of not less than three persons (two of whom must be of senior rank) shall be established by all public bodies to review and recommend the disposal or otherwise, of the enterprise's fixed assets, other than land. The lack of an existing Board of Survey Committee at JLS may result in subjective judgement of item(s) to be board of surveyed thereby resulting in misappropriation of Government's assets.

### Board of surveyed items remained on the asset register after three years.

**39** We found that the asset manager failed to remove 37 items from the asset register that were disposed of on June 21, 2016. The MoFPS Board of Survey guideline stipulates that "Proper notation as to asset disposal should be made in the assets register and these should be certified by someone other than the person with responsibility for maintaining the register". JLS' failure to remove disposed items from the register represents an overstatement of the accounts thereby preventing Management from making accurate assessments of the Library's resources. Management must ensure that a Board of Survey Committee is implemented and assets disposed of are promptly remove from the register in accordance with stipulated guidelines.

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<sup>18</sup> Guideline 2.06 Asset Management" procedures for the disposal of Assets including motor vehicles (other than vehicles assigned to eligible officers) No. 7 dated Oct 1, 1996.