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Office of the Inspector General  
Library of Congress  
Memo

Date May 23, 2024  
To Dr. Carla Hayden  
Librarian of Congress  
From Debbie Lehigh  
Acting Inspector General

Subject Final Audit Report ♦ Audit of an Overseas Field Office ♦ Jakarta, Indonesia, Report No. 2023-PA-101

This transmits our final report for the Office of the Inspector General's performance audit of the Library of Congress's Jakarta, Indonesia overseas field office.

Based on management's written response to the draft report, we consider all of the recommendations resolved. Your response to the draft report provided an action plan and timeline for the implementation of each recommendation, in accordance with Library of Congress Regulation 9-160, Rights and Responsibilities of Library Employees to the Inspector General, ♦6.A.

We appreciate the cooperation and courtesies extended by the Library Collections and Services Group, the Office of the Chief Information Officer, and the Security and Emergency Preparedness Directorate.

cc Principal Deputy Librarian of Congress  
Deputy Librarian for Library Collections and Services  
Associate Librarian, Discovery and Preservation Services  
Director, Acquisitions and Bibliographic Access  
Chief Information Officer  
Chief Operating Officer  
Chief Financial Officer  
Director, Security and Emergency Preparedness  
General Counsel

#### Summary

The Library of Congress (Library) has six overseas field offices located in Brazil, Egypt, India, Indonesia, Kenya, and Pakistan that acquire, catalog, and preserve collections from countries where such materials are essentially unavailable through conventional acquisition methods.

The Office of the Inspector General (OIG) initiated the audit of the Library's Jakarta overseas field office to evaluate controls in select areas, including financial management and reporting, collection acquisition and processing, asset management, information technology (IT) security, payroll, and physical and preservation controls.

#### What the Audit Found

##### Financial Management and Reporting

We found the Jakarta overseas field office had internal controls in place to ensure safeguards over petty cash. However, we identified funds put to better use related to untimely deobligation of funds and demurrage charges totaling \$84,742.39 and \$4,041, respectively.

##### Collection Acquisition and Processing

We found the Jakarta overseas field office's shipment process resulted in delayed shipments of collection items beyond the established six-month shipping interval.

##### Asset Management

We found all sampled IT equipment located on-site. However, we identified discrepancies in the inventory list.

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##### Recommendations

We made 15 recommendations to help the Library and the Jakarta overseas field office improve the effectiveness of their management related to financial management and reporting, collection acquisition and processing, asset management, IT security, and physical preservation controls. Prior to release of this report, the Library took corrective action to address one of our IT security recommendations, which we describe in the report.

##### Management Comments

The Library concurred with the report's recommendations and stated its commitment to enhancing

services in the Jakarta overseas field office. This included undertaking the recommended analyses and drafting standard operating processes to verify and continue executing the Jakarta overseas field offices' acquisition and shipping operations in a cost effective and efficient manner. Appendix B contains Library's management response in its entirety.

#### Background

The Library of Congress (Library) has six overseas field offices located in Brazil (Rio de Janeiro), Egypt (Cairo), India (New Delhi), Indonesia (Jakarta), Kenya (Nairobi), and Pakistan (Islamabad) that acquire, catalog, and preserve collections from countries where materials are, for the most part, unavailable through conventional methods. The Acquisitions and Bibliographic Access Directorate (ABA), within the Library Collections and Services Group's (LCSG) Discovery & Preservation Services (DPS), administers the Overseas Field Office program for the Library (footnote 1)

The overseas field office in Jakarta, Indonesia, acquires a variety of materials from Brunei, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Burma (Myanmar), Timor Leste, and Vietnam. The office's mission is to enrich the research collections of the Library of Congress and other research libraries with the wealth of bibliographic production from these countries. The Jakarta office exists to overcome the challenges of acquiring research materials from Southeast Asia. The Jakarta office also manages the Cooperative Acquisitions Program for Southeast Asia that acquires material on a cost-recovery basis for participating institutions.

Figure 1. Southeast Asia map identifying countries served by the Jakarta overseas field office.

Source: mapchart.net

The focus of our audit was the Jakarta, Indonesia overseas field office, which was established in 1963 to acquire materials from Southeast Asia. The Jakarta overseas field office operates branch offices in Bangkok, Kuala Lumpur, Manila, and Rangoon (Yangon). The Jakarta overseas field office has 54 local staff authorized positions and one American Director based in Jakarta. All materials acquired in Southeast Asia are cataloged prior to shipping to Washington. The Jakarta overseas field office's annual budget for fiscal year (FY) 2023 was approximately \$2.3 million.

#### Findings

In conducting the audit, we performed tests to determine whether the Jakarta overseas field office complied with Library policies and procedures in select areas: financial management and reporting, collection acquisition and processing, asset management, information technology (IT) security, payroll, and physical and preservation controls.

##### A. Financial Management and Reporting

###### I. The Library Did Not Timely Deobligate Funds

Background: The Library records an obligation for salaries and expenses into its financial management system known as the Legislative Branch Financial Management System (LBFMS) when it enters into an agreement, such as a purchase order, contract, or interagency agreement to purchase goods or services. ♦ Once recorded, obligations remain open until they are fully reduced by disbursements, deobligated, or the appropriation funding the obligation is closed. ♦ Unliquidated obligations represent binding agreements for goods and services that have not yet been delivered or received and will require future outlays. When anticipated future outlays are no longer anticipated, unliquidated obligations are deobligated, which allows funds to be used for other purposes (footnote 2).

Condition: The Library did not timely deobligate \$84,742.39 in obligations related to salaries and expenses for FYs 2019, 2021, and 2022. ♦ We identify this amount as funds put to better use since deobligating them in a timely manner could enable the Library to use the funds for other allowable activities (footnotes 3,4). After our inquiry in July 2023, the Jakarta overseas field office deobligated \$55,521.66 in FY 2022 funds. ♦ According to the Library, the remaining balance could not readily be deobligated due to various reasons as summarized in Table 1 below. ♦

Table 1. Summary of Open Obligations

###### FY 2019

Unliquidated Obligation \$599.00

Transaction(s) 1

Cause Untimely deobligation

###### FY 2021

Unliquidated Obligation \$473.67

Transaction(s) 1

Cause Untimely deobligation

###### FY 2022

Unliquidated Obligation \$28,148.06

Transaction(s) 3

Cause Delayed invoicing

###### FY 2022

Unliquidated Obligation \$55,521.66

Transaction(s) 15  
Cause Untimely deobligation5  
TOTAL  
\$84,742.39  
Transaction(s) 20

Source: OIG analysis of open obligations of the Jakarta overseas field office.  
LCSG is working with the Jakarta overseas field office to coordinate with the Department of State on resolving the delayed invoicing issues (footnote 6).◆◆

Criteria:

Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government (Standards), (footnote 7)

Principle 10 ◆ Management should design control activities to achieve objectives and respond to risks, such as recording transactions in an accurate and timely manner.◆ According to GAO's Standards, transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction from its initiation and authorization through its final classification in summary records.

Principle 12 ◆ Management should implement control activities through policies. According to GAO's Standards, management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness.

Principle 16 ◆ Management should establish and operate monitoring activities to monitor the internal control system and evaluate results. According to GAO's Standards, management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations.

Library of Congress Directive 6-240.3 - National Collection Stewardship

Fund ◆

4.1. Funds Eligible for Transfer. Per 2 U.S.C. 182e(b), transfers into the NCSF are limited to current and prior year balances of funds appropriated under the heading "Library of Congress Salaries and Expenses" (LC S&E).

2 U.S. Code ◆ 182e - Library of Congress National Collection Stewardship Fund ◆

(b)(1) - Such amounts as may be transferred by the Librarian from available amounts appropriated for any fiscal year for the Library of Congress under the heading "Salaries and Expenses".

(c) Use of amounts

Amounts in the Fund may be used by the Librarian as follows:

(1) The Librarian may use amounts directly for the purpose of preparing collection materials of the Library of Congress for long-term storage.

(2) The Librarian may transfer amounts to the Architect of the Capitol for the purpose of designing, constructing, altering, upgrading, and equipping collections preservation and storage facilities for the Library of Congress, or for the purpose of acquiring real property by lease for the preservation and storage of Library of Congress collections in accordance with section 1823a of this title.

(d) Continuing availability of funds

Any amounts in the Fund shall remain available until expended.

(h) Effective date

This section shall apply with respect to fiscal year 2017 and each succeeding fiscal year.

2 U.S. Code ◆143d: Funds available for workers compensation payments ◆

(a) In general

Available balances of expired Library of Congress appropriations shall be available to the Library of Congress to make the deposit to the credit of the Employees' Compensation Fund required by subsection 8147(b) of title 5.

(b) Effective date

This section shall apply with respect to appropriations for fiscal year 2012 and each fiscal year thereafter.

Cause: Library management had not designed control activities to ensure that the Jakarta office's obligations were deobligated in a timely manner, such as by strengthening coordination with the Jakarta office. According to the field director in Jakarta, obligations initiated by LCSG in Washington D.C. cannot be deobligated by Jakarta. Further, as a result of our inquiry, the Jakarta field director informed us they had implemented a monthly review of open obligations to initiate the deobligation process sooner when appropriate. LCSG also informed us that the deobligation process can be formalized and defined further to help complete the deobligation process in a more timely manner for the Jakarta office (footnote 8).

Effect: Failure to maintain effective controls over obligations may result in difficulties managing funds and the inability to repurpose funds for other allowable activities.

## Recommendation

We recommend the Library:

1) Develop and implement deobligation standard operating procedures steps and procedures to facilitate the execution of the Jakarta overseas field office's deobligations, and those of other overseas field offices as applicable, on a more timely basis.

## II. The Library Did Not Design Controls to Minimize Demurrage Charges

Background: The Jakarta overseas field office receives collection items by air from Singapore for further processing. The Indonesian government requires extensive documentation prior to allowing the importation of goods. The Library collaborates with the Department of State to obtain the proper import permit from the Indonesian government.

Condition: Collection items shipped from Singapore were detained between 11 and 22 days in the Jakarta airport resulting in \$4,041 in accrued demurrage charges. We identify this amount as funds put to better use. After our inquiry, the Jakarta overseas field office informed us they arranged with the Singapore shipper to hold the Library's shipment 10 business days to give the Library enough time to complete the proper shipping documentation to minimize future demurrage charges.

### Criteria:

GAO Standards, (footnote 9)

Principle 10 Management should design control activities to achieve objectives and respond to risks. The Standards further states control activities can be either preventive or detective. The main difference between preventive and detective control activities is the timing of a control activity within an entity's operations. A preventive control activity prevents an entity from failing to achieve an objective or address a risk. A detective control activity discovers when an entity is not achieving an objective or addressing a risk before the entity's operation has concluded and corrects the actions so that the entity achieves the objective or addresses the risk.

Principle 12 Management should implement control activities through policies. According to GAO's Standards, management documents in policies for each unit its responsibility for an operational process's objectives and related risks, and control activity design, implementation, and operating effectiveness.

LCR 1-630 Integrated Risk Management and Internal Control, Section 2: Policy The Library will implement and maintain an integrated risk management and internal control framework. The framework will support management's commitment to implementing sound management practices to identify, assess, monitor, and report on risks and internal control activities. The objectives of implementing the integrated risk management and internal control framework include:

- A. Effective management of risks that may impact achievement of Library goals,
- B. Effective and efficient operations,
- C. Reliable financial and non-financial (including performance) reporting, and
- D. Compliance with applicable laws and standards.

Cause: The Library did not have preventive and detective controls to mitigate potential demurrage charges. The Library's vendor in Singapore was sending collection items once they were acquired by the shipping company, which held them free of charge until the shipment weighed at least 100 kilograms. However, once this shipping weight was reached, the shipping company initiated shipping the items to Jakarta before the Library had enough time to obtain the proper import permits.

Effect: During FY 2023, the Library accrued and paid \$4,041 in demurrage costs for airport storage in Jakarta.

## Recommendation

We recommend the Library:

2) Develop and implement preventive and detective controls to mitigate and monitor the Jakarta overseas field office's future demurrage charges.

## B. Collection Acquisition and Processing

### I. The Library Should Reassess the Timeliness of its Shipments

Background: As shown in Table 2 below, the Jakarta overseas field office employs various methods and shipping frequencies for shipping collection materials to the Library and participants of Cooperative Acquisition Program (CAP) for Southeast Asia (footnote 10). Shipments from Jakarta occur twice per year via sea freight.

Table 2. Shipping Methods by Office

Office Bangkok

Method Sea Freight

Countries Thailand, Burma, Cambodia, Laos

Frequency Approximately every two months

Office Jakarta

Method Sea Freight

Countries Indonesia, Singapore, Timor Leste, Vietnam

Frequency Twice a year

Office Kuala Lumpur

Method FedEx

Countries Malaysia, Brunei

Frequency Approximately every week

Office Manila

Method US Postage

Countries Philippines

Frequency Approximately every week

Office Yangon

Method Pouch

Countries Burma

Frequency Ships to LOC-Bangkok for inclusion in their sea freight

Source: 2021 Annual Report Jakarta Overseas Field Office

Collection materials are sealed in cardboard boxes (Figure 2) and placed in wooden crates (Figure 3).

Figure 2. Cardboard shipping boxes

Figure 3. Wooden crate

Source: OIG pictures taken of shipping process in Bangkok, Thailand in July 2023.

Condition: We examined shipping records of the Jakarta overseas field office's May 2023 shipment of collection materials and identified that 13 percent of the boxes in the shipment had been packed and were waiting to be shipped since prior to the November 2022 shipment. Additionally, 81 boxes prepared for the May 2023 shipment were not shipped because the shipping volume for the May 2023 shipment had been reached.

Criteria:

GAO Standards, (footnote 11)

Principle 7  Management should identify, analyze, and respond to risks related to achieving the defined objectives. According to GAO's Standards, management analyzes the identified risks to estimate their significance, which provides a basis for responding to the risks. Significance refers to the effect on achieving a defined objective.

Cause: The Library needs to analyze the frequency with which it ships collection materials to reduce the risk of shipping volumes restricting the quantity of collection materials that can be shipped in a timely manner.

Library officials also attributed delays to insufficient funds. CAP participants may place supplemental orders that can deplete their funding to the extent that prepaid orders cannot be shipped. The Library needs to respond to this risk.

Effect: Delayed shipping of collection materials delays the availability of collection materials to Library researchers and CAP participants. In summary, 469 of the 542 boxes (87 percent, footnote 12) in the May 2023 shipment were prepared since the November 2022 shipment. The remaining 73 boxes (13 percent) had been waiting to be shipped since prior to the November 2022 shipment (footnotes 13,14). Additionally, 81 boxes prepared for the May 2023 shipment were not shipped because the shipping volume for the May 2023 shipment had been reached. 

Recommendations

We recommend the Library:

- 3) Analyze its shipping methods and determine the optimal frequency to ensure more timely shipments.
- 4) Analyze and respond to the risk of CAP participants not having adequate shipping funds for prepaid orders.

## II. The Library Has Not Implemented the Overseas Field Office Replacement System (OFORS) Shipment Module in Jakarta

Background: In April 2020, OIG issued a memorandum on OFORS and recommended a gap analysis to assess whether OFORS business requirements were being met (footnote 15). As reported in our memorandum, the Library awarded a \$1.7 million contract in September 2010 to develop OFORS, a custom-built, client-server application meant to improve activities associated with acquiring collection materials at the Library's six overseas field offices. OFORS was originally scheduled for completion by September 2012. However, it was partially installed in fiscal year 2015, and the Library did not make final payment to cover the costs of certain outstanding OFORS components until July 2019.

For our September 2021 Semiannual Report to Congress, the Library reported to us that OFORS was fully implemented in all six overseas field offices and that a gap analysis was not needed. We closed our recommendation based on management's assertions.

Condition: The Jakarta overseas field office and its sub-offices do not have a fully functional OFORS shipping module.◆◆◆◆

According to the Director of ABA, the Library does not plan to conduct a gap analysis.

Alternatively, it is exploring the potential of replacing the functionality of OFORS as part of implementing a new system called the Library Collections Access Platform (L-CAP).◆

Criteria:

GAO Standards, (footnote 16)

Principle 11 ◆ Management should design the entity's information system and related controls to achieve objectives and respond to risks.

Report No. 2018-PA-101b, Overseas Field Office Replacement System (OFORS), April 22, 2020,

Recommendation 2 ◆ Library Services should perform a gap analysis to assess whether OFORS business requirements and baselined cost estimates are being met and, if not, what corrective action steps should be taken based on a cost-benefit analysis. If corrective action steps are needed, a comprehensive project plan should be developed to manage and eliminate identified gaps.

Cause: Due to the decentralization of shipping methods between the three suboffices and Jakarta, OFORS cannot produce shipping lists that separate shipments sent by Jakarta, Bangkok, Kuala Lumpur, and Manila.

Effect: Without a fully functional OFORS shipping module, the Jakarta overseas field office developed an intranet hosted shipping application to prepare shipment lists, enter the weight of each shipping box,◆and calculate the shipping cost for the Library and CAP participants. An Excel spreadsheet is used to track budgeted to actual shipping costs to the Library and to CAP participants.◆

Until OFORS is replaced with a suitable solution, Jakarta and its suboffices will continue relying on its internally developed shipping application to process shipments. This may increase the risk of errors when processing shipments.

Conclusion: Based on the information provided by the Director of ABA, the Library is exploring the potential of using L-CAP to address the shortcomings of the OFORS shipping module. As such, we are not making recommendations in this area. Nonetheless, we plan to examine OFORS as part of future audits of overseas field offices to continue to assess whether it meets business requirements. We will also continue to inquire about whether the Library is aware of OFORS' performance gaps and is addressing them appropriately.

## C. Asset Management

### I. The Jakarta Overseas Field Office's IT Inventory List is Inaccurate

Background: The Jakarta overseas field office coordinates with the Library's Office of the Chief Information Officer (OCIO) to perform an annual review of the Jakarta office's IT inventory. In July 2023, we requested the Jakarta office's current active IT inventory list and judgmentally selected 20 high-value◆items to perform our own review. During our site visit, we inspected the items and compared them to the IT inventory list description.

Condition: We located all of the onsite IT equipment, however we identified discrepancies with some item descriptions. As shown in Table 3, we identified equipment with an inaccurate location description (items 12 and 20) (footnote 17) and equipment with inaccurate item descriptions (items 17, 18, and 19) (footnote 18). We also identified equipment without an inventory barcode (item number 1) and equipment that was inactive and no longer in use (item 15) (footnote 19).

Table 3. Results of IT Inventory Sample Verification

No.1

Part # 190859

Item HP All in One

Verified Yes

Discrepancy Barcode was not affixed to item.

No.2

Part # 190495

Item Lenovo Think Center

Verified Yes

Discrepancy None

No.3

Part # 191033

Item HP Notebook

Verified No

Discrepancy At employee's home (for telework)

No.4

Part # 190959

Item APC Back UPS

Verified Yes

Discrepancy None

No.5

Part # 191105

Item CPU Dell Optiplex

Verified Yes

Discrepancy None

No.6

Part # 190454

Item Lenovo Think Center

Verified Yes

Discrepancy None

No.7

Part # 191036

Item HP Probook

Verified No

Discrepancy At employee's home (for telework)

No.8

Part # 190501

Item Lenovo Think Center

Verified Yes

Discrepancy None

No.9

Part # 190555

Item Laptop HP

Verified No

Discrepancy At employee's home (for telework)

No.10

Part # 190966

Item APC Black UPS

Verified Yes

Discrepancy None

No.11

Part # 099272

Item Lenovo TS

Verified Yes

Discrepancy None

No.12

Part # 094105

Item Training HP Desktop

Verified Yes

Discrepancy Item was not stored in the location listed.

No.13

Part # 190880

Item Canon IR Image Runner

Verified Yes

Discrepancy None

No.14

Part # 099199

Item HP-DL380 Server

Verified Yes

Discrepancy None  
No.15  
Part # 099224  
Item VPN-1 Checkpoint  
Verified Yes  
Discrepancy Item was no longer in use.

No.16  
Part # 099266  
Item Canon Highspeed DR  
Verified Yes  
Discrepancy None

No.17  
Part # 190629  
Item HP Proliant DL360  
Verified Yes  
Discrepancy Item description was inaccurate.

No.18  
Part # 190630  
Item HP Proliant DL360  
Verified Yes  
Discrepancy Item description was inaccurate.

No.19  
Part # 190631  
Item HP Proliant DL360  
Verified Yes  
Discrepancy Item description was inaccurate.

No.20  
Part # 190632  
Item HP Proliant DL360  
Verified Yes  
Discrepancy Item was not stored in the location listed.  
Source: OIG sample verification of the Jakarta office's IT inventory list.

Criteria:

LCR 8-320, Asset Control of Property and Equipment ♦ provides that the Executive Committee will determine which accountable property that is not capitalized property, such as weapons, IT equipment, and electronic communications equipment, should be subject to asset control and included in the Asset Management Tracking System (AMTS).

IT Security Directive 5-410.1, ITSEC Part 3 ♦ Management Policies ♦ requires inventory controls that identify IT system components at the granularity deemed necessary for tracking and reporting (Policy ID 3.1.a). It further requires the Library's IT Security Program to conduct an annual review of the Library's IT system inventory in line with the Library's Inventory Management Program (Policy ID 3.1.x). It is the Chief Information Security Officer's responsibility for implementing and managing the IT Security Program, ensuring compliance with applicable Federal laws, directives, policies, and regulations (footnote 20).

GAO Standards, (footnote 21)

Principle 6 ♦ Management should define objectives clearly to enable the identification of risks and define risk tolerances. According to attribute 6.08, management defines risk tolerance for the defined objectives. Risk tolerance is the acceptance level of variation in performance relative to the achievement of objectives.

Principle 7 ♦ Management should identify, analyze, and respond to risks related to achieving defined objectives. According to attribute 7.05, management analyzes identified risks to estimate their significance, which provides a basis for responding to the risks. Further, according to attribute 7.08, management designs responses to analyzed risks so that risks are within the defined risk tolerance for the defined objective.

Cause: The objective of the Library's IT inventory controls is to identify IT assets at the granularity deemed necessary for tracking and reporting purposes. Given the discrepancies we identified in our review, there are risks associated with the Jakarta office's IT inventory process that the Library needs to analyze and address. Depending on the results of the Library's analysis, the Library may determine that inventory reviews should occur on more than an annual basis until the kinds of discrepancies we identified become less frequent or stop altogether.

Effect: Discrepancies on the IT inventory list could potentially undermine reasonable assurance of the Jakarta office's prevention or prompt detection and correction of unauthorized acquisition, use,

or disposition of IT equipment.

#### Recommendation

We recommend the Library:

5) Analyze the Jakarta office's IT inventory process and respond as needed to reduce the kind of discrepancies we identified.

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#### Appendix A: Objectives, Scope, and Methodology

The audit's objectives were to evaluate the Library's overseas field office operations in Jakarta, Indonesia, and determine whether the Library has suitably designed and effectively implemented controls in select areas, including financial management reporting, collection acquisition and processing, asset management, IT security, payroll, and physical and preservation controls. In order to gain an understanding of the Library's overseas field office operations, we conducted a review of applicable laws and regulations, reviewed prior OIG audit reports, (footnote 22) FYs 2019-2023 Library Collections & Services Groups Directional Plan, FYs 2019-2023 Discovery & Preservation Service's Directional Plan, and Jakarta overseas field office Annual Reports (footnote 23). We interviewed key personnel from OCIO, LCSG (DPS, ABA, Acquisitions Fiscal Overseas and Support Division, and Financial Management Directorate), SEPD, the Financial Services Directorate, and staff in Jakarta and its suboffice in Bangkok, Thailand.

We utilized GAO Standards (footnote 24) and determined that several GAO components and principles of internal control were significant to the audit, as shown in Table 5. We assessed the design, implementation, and/or operating effectiveness of internal controls as appropriate. The internal control issues we identified are discussed in the report's findings section.

Table 5. The Components and Principles Significant to the Audit Objectives

#### Risk Assessment

6. Define objectives and risk tolerances.
7. Identify, analyze, and respond to risks.

#### Control Activities

10. Design control activities.
11. Design activities for the information system.
12. Implement control activities.

#### Monitoring

16. Perform monitoring activities.
17. Evaluate issues and remediate deficiencies.

Source: GAO's Standards for Internal Control in the Federal Government, GAO-14-704G, September 2014. To assess the Jakarta overseas field office's financial management and reporting, we interviewed officials from the Jakarta overseas field office and Department of State officials to gain an understanding of the demurrage charges. We obtained relevant documents to gain an understanding of the financial reporting process, reviewed services provided by the International Cooperative Administrative Support Services, and assessed the fees paid for reasonableness. We determined that the (1) control activities and (2) monitoring components of internal control were significant to this objective, along with the underlying principles that management should design control activities to achieve its objective and respond to risks; implement control activities through policies; and establish and operate monitoring activities to monitor the internal control system and evaluate the results. We gained an understanding of how the Library and the Jakarta overseas field office collaborate to ensure obligations, commitments, and expenditures are accurately recorded. We conducted an audit of the petty cash in both Jakarta and Bangkok to verify the accuracy and assessed the effectiveness of existing controls and procedures over the fund. We also reviewed financial reports to determine compliance with Library regulations and policies.

To assess Jakarta overseas field office's collection acquisition and processing, we interviewed officials from the Jakarta overseas field office, obtained relevant policies and documents to gain an understanding of the collection, acquisition, and cataloging workflow process. We also assessed the management of cataloging collection items, including their prioritization and the measurement, tracking, and reporting of performance. We determined that the risk assessment and control activities components of internal control was significant to this objective, along with the underlying principles that management should identify, analyze, and respond to risks related to achieving the defined objectives.

To determine whether the arrearage data was accurate, we selected the entire FY 2020 arrearage of items in Jakarta and verified the accuracy by conducting a physical count. We also reviewed Jakarta's shipment process to determine the timeliness and efficiency of shipments to the Library and CAP participants.

To assess asset management, we interviewed the Jakarta overseas field office's IT Section Head to

gain an understanding of how IT inventory is recorded and managed. We determined that the risk assessment and control activities components of internal control were significant to this objective, along with the underlying principles that management should define objectives clearly to enable the identification of risks, define risk tolerance to ensure it is at the acceptable level, and implement control activities. We reviewed and assessed the IT inventory list for accuracy, obtained the fixed asset list in Jakarta, and verified each item's existence. We then judgmentally selected 20 high-value IT items while on-site to verify existence (footnote 25).

To assess IT security management and compliance with applicable Library Regulations and Directives in the Jakarta office, we interviewed key personnel from the IT Section Head in Jakarta, OCIO, ABA, and Acquisitions Fiscal Overseas and Support Division. We determined that the monitoring and control activities component of internal control was significant to this objective, along with the underlying principles that management should establish and operate monitoring activities to monitor the internal control system and evaluate the results, implement control activities in addition to remediating identified internal control deficiencies on a timely basis. We reviewed whether hard drives that were no longer in use were disposed of timely and sanitized. We also reviewed whether the Jakarta overseas field office had the latest IT security patches installed on computers and servers and reviewed records for whether the Jakarta overseas field office staff with elevated IT access privileges had a signed Privileged Rules of Behavior form.

To assess whether the controls for payroll were adequately designed and implemented, we performed an analysis of WebTA and National Finance Center payroll records to ensure compliance with applicable policies and regulations.

To assess the Jakarta overseas field office's physical and preservation controls, we interviewed key SEPD personnel and Department of State officials, reviewed existing physical access and security controls in the Jakarta and Bangkok overseas field offices, and reviewed Library policy in conducting background investigations of locally recruited staff. We determined that the control activities component of internal control was significant to this objective, along with the underlying principles that management should implement control activities through policies and periodically review policies, procedures, and related control activities for continued relevance and effectiveness. We initiated our audit in May 2023 and completed our fieldwork on February 29, 2024. Our activities took place in the Library's Madison Building in Washington D.C., and in the U.S. Embassy buildings in Bangkok, Thailand, and Jakarta, Indonesia. We conducted site visits at the Bangkok suboffice from July 17-19, 2023, and at the Jakarta overseas field office from July 20-28, 2023. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards as prescribed by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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#### Footnotes

1 The Library utilizes administrative services from the Department of State's International Cooperative Administrative Support Services for the Library's six overseas field offices.

2 On September 30, five FYs after the period of availability for an appropriation account ends, the account is closed and any remaining balance, whether obligated or unobligated, is cancelled. The remaining balance is no longer available for obligation or expenditure for any purpose.

3 Funds put to better use are funds that could be used more efficiently if management took actions to implement and complete a recommendation, including: (1) reductions in outlays; (2) deobligations of funds from programs or operations; (3) withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds; (4) costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor, or grantee; and (5) any other savings that are specifically identified.

4 Beginning in FY 2017, 2 U.S. Code § 182e: Library of Congress National Collection Stewardship Fund (NCSF) allowed the Librarian of Congress to transfer available amounts appropriated for any fiscal year under the heading § salaries and expenses to support collection stewardship activities.

Beginning in FY 2012, 2 USC 143d: Funds available for workers compensation payments, allowed available balances of expired Library appropriations to be available to the Library for deposit to the credit of the Employees' Compensation Fund required by subsection 8147(b) of title 5.

5 After our inquiry, the Library deobligated this amount in July 2023.

6 The Library utilizes administrative services from the Department of States' International Cooperative Administrative Support Services for the Library's six overseas field offices.

7 GAO's Standards, September 2014, GAO-14-704G.

8 We recognize that, according to LCSG, the deobligation of open obligations for overseas field

