

# Audit of the Teaching with Primary Sources Program and the Three Regional Partners

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PUBLIC RELEASE

**OFFICE OF  
INSPECTOR GENERAL  
LIBRARY**  
LIBRARY OF CONGRESS

2023-SP-102  
September 2025



**NOTICE**

Pursuant to PL 117-263, section 5274, non-governmental organizations and business entities specifically identified in this report have an opportunity to submit a written response for the purpose of clarifying or providing additional context to any specific reference. Comments must be submitted to our office within 30 days of the report issuance date, and we request that comments not exceed two pages. The comments will be appended to this report and posted on our public website. We request that submissions be Section 508 compliant and free from any proprietary or otherwise sensitive information.

# MEMO

**Date** September 25, 2025  
**To** Robert R. Newlen  
Acting Librarian of Congress  
**From** Kimberly F. Benoit  
Inspector General  
**Subject** Audit Report – *Audit of the Teaching with Primary Sources Program and the Three Regional Partners*, Report No. 2023-SP-102

This transmits the final report for the Office of the Inspector General’s audit of the Teaching with Primary Sources Program and its three regional partners.

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 agreed to recommendations, in accordance with Library of Congress Regulations 9-160, Rights and Responsibilities of Library Employees to the Inspector General, §6.A. An evaluation of responses to each recommendation is located within Appendix C of this report.

We appreciate the cooperation and courtesies extended by the Contracts and Grants Directorate, the Center for Learning, Literacy & Engagement, and the Professional Learning & Outreach Initiatives Office.

**cc** Chief Operating Officer  
Chief Acquisition Officer  
Director of Educational Outreach  
General Counsel



**AUDIT OF THE TEACHING WITH PRIMARY SOURCES PROGRAM  
AND THE THREE REGIONAL PARTNERS**

**SUBMITTED TO THE  
LIBRARY OF CONGRESS  
OFFICE OF INSPECTOR GENERAL**

**PERFORMANCE AUDIT REPORT**

**SEPTEMBER 23, 2025**



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333 John Carlyle Street, Suite 500  
Alexandria, VA 22314  
703.836.6701

**SIKICH.COM**

Kimberly Benoit  
Inspector General  
Office of Inspector General  
U.S. Library of Congress

Dear Ms. Benoit,

Sikich CPA LLC (Sikich)<sup>1</sup> is pleased to submit the attached audit report detailing the results of our performance audit of the Library of Congress's (Library) Teaching with Primary Sources (TPS) program and its three regional partners: Waynesburg University, Illinois State University, and Metropolitan State University of Denver.

The Library's Office of the Inspector General (OIG) engaged Sikich to conduct this performance audit pursuant to contract number LCOIG22D0001, Task Order OIG23T0014.

Sikich conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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. Sikich performed the work from September 2023 through May 2025.

Sincerely,

*Sikich CPA LLC*

Alexandria, VA  
September 23, 2025

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<sup>1</sup> Effective December 14, 2023, we amended our legal name from "Cotton & Company Assurance and Advisory, LLC" to "Sikich CPA LLC" (herein referred to as "Sikich"). Effective January 1, 2024, we acquired CliftonLarsonAllen LLP's (CLA's) federal practice, including its work for the Library.

## I. EXECUTIVE SUMMARY

The Library of Congress (Library) Office of the Inspector General (OIG) engaged Sikich CPA LLC (Sikich)<sup>2</sup> to conduct an audit of the Teaching with Primary Sources (TPS) Program, which the Library conducts through cooperative agreements with three regional partners<sup>3</sup> to establish a nationwide network of organizations<sup>4</sup> to enable the delivery of educational programming using the Library's primary resources. The controlling guidance over these cooperative agreements is the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) issued by the Office of Management and Budget (OMB). The audit had the following objectives:

1. Determine compliance with the requirements for the TPS grant awards issued to Waynesburg University (WU), Illinois State University (ISU), and Metropolitan State University of Denver (MSU).
2. Determine whether WU, ISU, and MSU are awarding, administering, and monitoring subawards in compliance with the Uniform Guidance (2 Code of Federal Regulations [CFR] Part 200), TPS program requirements, and each university's respective requirements.

We identified three instances of non-compliance and areas for improvement in internal controls:

1. Inadequate Continuance Procedures for TPS Awards
2. Ineffective Controls for Indirect Cost Approval and Monitoring
3. Noncompliance with Matching Requirements

We provided one recommendation for the Library related to updating its internal guidance over the continuance of cooperative agreements. To better monitor indirect costs, we provided five recommendations for the Library related to enhancing its internal controls over monitoring and oversight to ensure that regional partners comply with indirect cost requirements. Regarding matching requirements, we provided four recommendations for the Library, with three related to enhancing internal controls over documenting procedures for complying with the match requirements over the regional partners, and one to provide monitoring procedures over the regional partners in assessing their subgrantees' compliance with the match requirement.

## II. BACKGROUND

The mission of the Library is to engage, inspire, and inform Congress and the American people with a universal and enduring source of knowledge and creativity. In fulfillment of this mission, the Library uses the TPS program to establish cooperative agreements with a nationwide

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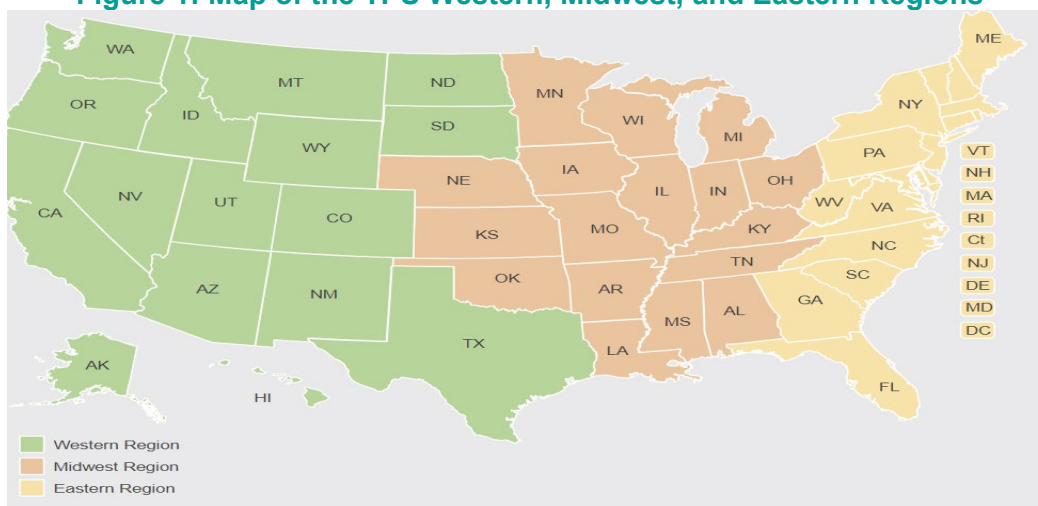
<sup>3</sup> The term "partners" is used to describe the universities as partners to the program. The term "grantee" is also used to describe these regional partners, as a grantee refers to an eligible recipient receiving financial assistance from the federal government.

<sup>4</sup> The members of this network, called the TPS Consortium, include more than 200 partner organizations representing several broad types of educational organizations, including colleges and universities, non-profits, cultural institutions, libraries, state agencies, professional associations, public school districts, and advocacy organizations.

network of organizations<sup>5</sup> to enable the organizations to deliver educational programming using the Library’s primary resources.

On November 1, 2007, the Library’s Contracts and Grants Directorate (CGD) awarded three 15-month pilot TPS cooperative agreements to three universities to establish regional partners to coordinate the administrative oversight of the regional TPS grant program. Organizations interested in TPS grants may either seek these grants directly from the Library or apply for them through one of the three regional partners. CGD awarded the TPS cooperative agreements to MSU, ISU, and WU to cover the Western, Midwest, and Eastern Regions, respectively. **Figure 1** below represents a map of the three TPS regions.

**Figure 1: Map of the TPS Western, Midwest, and Eastern Regions**



Source: Library website: [TPS Regional Websites](#) | [TPS Regional Grants](#) | [Teaching with Primary Sources Partner Program](#) | [About This Program](#) | [Teachers](#) | [Programs](#) | [Library of Congress](#)

Under the cooperative agreements, the regional partners award and administer grants to subgrantee<sup>6</sup> organizations<sup>7</sup> to incorporate TPS methods and materials into their educational programming. The subgrants can total up to \$25,000 for each award.<sup>8</sup>

The original period of performance for the regional partners’ cooperative agreements was 15 months; however, the Library issued a series of amendments to keep the cooperative

<sup>5</sup> The members of this network, called the TPS Consortium, include more than 200 partner organizations representing several broad types of educational organizations, including colleges and universities, non-profits, cultural institutions, libraries, state agencies, professional associations, public school districts, and advocacy organizations.

<sup>6</sup> The term subgrantee is synonymous with subrecipient, which, per 2 CFR §200.93, means a non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program; it does not include an individual who is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

<sup>7</sup> Examples of subgrantee organizations include school districts, universities, cultural institutions, library systems, and other educational organizations.

<sup>8</sup> [TPS Regional Websites](#) | [TPS Regional Grants](#) | [Teaching with Primary Sources Partner Program](#) | [About This Program](#) | [Teachers](#) | [Programs](#) | [Library of Congress](#)

agreements active for the last 17 years.<sup>9,10</sup> During this period, the regional partners received the following funding for subawards and program administrative costs:

- WU: \$9.8 million
- ISU: \$7.6 million
- MSU: \$9.9 million

One of the key policy and procedure documents concerning the award and administration of the Library's grants and cooperative agreements is CGD's *Grants and Cooperative Agreements Guidelines and Procedures*, December 2023 (guidelines). These guidelines include, but are not limited to, guidance over key process areas regarding grant payment, financial monitoring, program monitoring and administration, and the closeout<sup>11</sup> process. Below is a summary of the key process areas described in the guidelines.

### **Grant Payment Process**

As part of the grant payment process, CGD requires recipients to request reimbursement (or advances) by submitting OMB Standard Form (SF) 270, *Request for Advance or Reimbursement* (SF-270).

### **Financial Monitoring**

The guidelines' financial monitoring guidance states that recipients must submit financial reports to the Grants and Other Transactions Section (GOTS) within CGD on a quarterly basis (or another period as stated in the grant agreement). These reports usually include a Federal Financial Report (FFR<sup>12</sup> or SF-425) and a Budget Summary Report. GOTS reviews these reports to determine the reasonableness of the costs expended on the award, confirm expenditures are within budget, monitor the expenditure rate, and ensure that advances do not exceed the project's immediate funding needs.

### **Program Monitoring and Administration – Modifications to Grants**

Guidance for modifications to grants is included in the program monitoring and administration section of the guidelines. To initiate a modification, a regional partner submits a request to the Professional Learning and Outreach Initiatives Office<sup>13</sup> and GOTS. The request should include a cover page summarizing the changes and any required supporting materials, such as a revised budget or a revised project description, as applicable. These changes may modify the terms and conditions of the cooperative agreements, in addition to renewing or extending the period of performance. Once GOTS approves the request, it will extend the cooperative agreement's end date by issuing a modification or continuance of the existing agreement. As part of the closeout process, GOTS will review the regional partner's final SF-270 and its final FFR and Budget Summary Report.

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<sup>9</sup> An amendment refers to a written alteration of an existing cooperative agreement's terms, conditions, award amount, or budget, or another change to the original agreement.

<sup>10</sup> In 2021, the Library's OIG issued an audit of the Library's grants operations, policies, and procedures. One of the OIG's recommendations was for the Library to consider limiting its practice of continually extending grant periods of performance. [Audit of the Library's Grants Operations, Policies, and Procedures, 2020-PA-103](#), May 2021.

<sup>11</sup> Closeout is a step in the post-award phase in which the grant process ends and the award recipient submits all financial, performance, and other reports required under the grant for review by the awarding agency to verify that the recipient complied with all grant terms and conditions and spent the funds appropriately.

<sup>12</sup> An FFR is a document used by recipients of federal grants to report the financial status of their grant funds to the Federal Granting Agency.

<sup>13</sup> The Professional Learning and Outreach Initiatives Office is the program office for TPS.

## Closeout Process

Per the guidelines, once the cooperative agreement has ended, the Library performs a final review to close the award as one of the final steps in the post-award phase. This step is intended to ensure that the Library has received and evaluated all required reports and certifications, accounted for any equipment (as applicable), and determined allowable costs and any amounts due to either the grantor or the recipient. The required reports include a final FFR, which reports all the grants and expenditures associated with a cooperative agreement.

In addition to the guidelines, certain requirements are included within the cooperative agreements themselves, including provisions around matching<sup>14</sup> and indirect costs.<sup>15</sup>

## Matching

The cooperative agreements established the requirement for the TPS regional partners to “provide matching funds (20 percent [20%]) of the total administrative costs<sup>16</sup>...as in-kind contributions<sup>17</sup> or cash.” Accordingly, this 20 percent represents the amount of funding the regional partners were required to provide to fund the TPS program (i.e., the “matching requirement”). The matching funds requirement remained in effect unless the parties specifically addressed it in subsequent amendments.<sup>18</sup> The *Federal Regulations*<sup>19</sup> state that all contributions, including cash and third-party in-kind contributions, shall be accepted as part of the recipient’s cost-sharing or matching when the recipient has met all requirements under the *Federal Regulations*.

## Indirect Costs

Indirect costs cannot be directly attributed to a specific grant. Indirect costs may include items such as depreciation of buildings and equipment and general administration expenses, including accounting and personnel expenses. Applying an indirect cost percentage is a common method for determining and proportionately allocating such costs to each program. As part of the grant award process, GOTS will review the proposed budget for each applicant to ensure the

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<sup>14</sup> According to 2 CFR §200.29 (May 17, 2017), *Cost sharing or matching*, and OMB Circular A-110 (revised November 19, 1993, and amended September 30, 1999), (i) *Cost sharing or matching*, the term matching means the portion of project costs not paid by the federal government (unless otherwise authorized by federal statute).

<sup>15</sup> Per 2 CFR § 200.56, indirect (facilities & administrative [F&A]) costs are defined as those costs that are incurred for a common or joint purpose benefitting more than one cost objective and are not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved.

<sup>16</sup> According to 2 CFR §200 (May 17, 2017), *Appendix III to Part 200 – Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs)*, B. *Identification and Assignment of Indirect (F&A) Costs*, 5. *General Administration and General Expenses*, and OMB Circular A-21 (May 10, 2004), *General administration and general expenses*, administrative costs are expenses for items, services, and personnel that are, by their nature, general purpose rather than project-specific. Some examples of these costs generally include items such as office supplies, furniture, internet access, and postage.

<sup>17</sup> According to 2 CFR §200.96 (May 17, 2017), *Third-party in-kind contributions*, and OMB Circular A-110 (revised November 19, 1993, and amended September 30, 1999), (kk) *Third party in-kind contributions*, an in-kind contribution is a non-monetary contribution. Goods or services offered free or at less than the usual charge result in an in-kind contribution.

<sup>18</sup> The Library renews the cooperative agreements by executing an amendment agreement. The Library usually executes continuances/amendments annually; however, it can execute continuances/amendments as needed to modify the terms of a cooperative agreement.

<sup>19</sup> Federal Regulations refers to 2 CFR §200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; OMB Circular A-21, *Cost Principles for Educational Institutions*; and OMB Circular A-110, *Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*. The OMB Circulars were superseded in 2014 by 2 CFR Part 200.

applicant has fairly and consistently applied the proposed indirect costs and has capped the indirect costs at the program rate described in the Notice of Funding Opportunity (NOFO).<sup>20</sup>

The Library has the flexibility to use indirect cost rates that differ from negotiated rates. As such, the most current version of CGD's *TPS Administrative Requirements* (September 2023) states that if regional partners include indirect costs, the indirect cost rate cannot exceed 15 percent. If the regional partner uses its negotiated indirect cost rate, it must provide a copy of the current negotiated indirect cost rate agreement and apply the rate accordingly. If the regional partner elects to use the 10 percent de minimis rate, it must provide a statement asserting that it has never received a negotiated indirect cost rate and is therefore electing to use the de minimis rate of 10 percent. Indirect costs are included as a line item as part of the total federal expenditures reported by grantees, as stated on the FFR and SF-270.

### **Library Requirements**

As a legislative branch agency, the Library is not subject to the requirements of OMB's circulars. However, section 3.C of Library of Congress Regulation (LCR) 7-310, *Grants and Funded Cooperative Agreements*, states that the Library follows the spirit of those executive branch documents, and Library staff are encouraged to consult these documents when developing a grant or cooperative agreement. As such, the original 2007 TPS cooperative agreements obligated the three regional partners to follow OMB's grants management guidance.<sup>21</sup>

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<sup>20</sup> A NOFO is a public notice inviting applicants for grant awards.

<sup>21</sup> According to Cooperative Agreement, IV. General Provisions, B. Controlling Guidance, "The Library has determined that it will administer this grant and the expenditure of funds in accordance with standard federal guidance issued by the Office of Management and Budget (OMB), as interpreted by the Library."

### III. AUDIT RESULTS

During the audit, we identified inadequate continuance procedures for TPS awards, ineffective controls for indirect cost approval and monitoring, non-compliance with matching requirements, and opportunities for enhanced internal controls, as described within each section below.

#### INADEQUATE CONTINUANCE PROCEDURES FOR TPS AWARDS

CGD did not limit the number of times the Library could extend a cooperative agreement. Rather, over the past 17 years, CGD has repeatedly extended the end date of the original cooperative agreement on an annual basis. As shown in Figure 2, CGD has granted 69 amendments for the purpose of increasing funding, changing the terms of the cooperative agreements, and extending the period of performance of the TPS program annually.

**Figure 2: Total Cooperative Agreements and Amendments**

Regional Partner	Cooperative Agreement Amount Awarded in FY 2007	Number of Amendments	Cooperative Agreement Start Date	Cooperative Agreement End Date <sup>22</sup>	Amendment Amount Awarded	Total Amount Awarded
ISU	\$300,000	22	11/1/2007	12/31/2024	\$7,342,077	\$7,642,077
MSU	300,000	23	11/1/2007	12/31/2024	9,568,628	9,868,628
WU	300,000	24	11/1/2007	12/31/2024	9,465,563	9,765,563
<b>Total</b>	<b><u>\$900,000</u></b>	<b><u>69</u></b>			<b><u>\$26,376,268</u></b>	<b><u>\$27,276,268</u></b>

Additionally, federal regulations state that grantees are required to retain records related to an award for a period of 3 years from the date of submission of the final expenditure report. However, CGD has continued to extend the period of performance for the cooperative agreements. Because the current cooperative agreements have been open for 17 years and the regional partners have not submitted any final expenditure reports, the regional partners are required to retain 17 years' worth of documentation.

#### Conclusion

We found that CGD did not have procedures in place to address when to stop continuing cooperative agreements.

Because CGD has continued to use amendments to extend the period of performance for the cooperative agreements over the past 17 years, it has not processed a closeout for the cooperative agreements. As a result, the Library has yet to determine whether the regional partners complied with the terms of their cooperative agreements.

The practice of continually extending the period of performance also diminished the Library's opportunity to identify and correct noncompliance. The regional partners may not have retained 17 years' worth of supporting documentation. Further, the subgrantees are only obligated to keep supporting grant documentation for 3 years after submission of their final expenditure reports, meaning that a significant portion of documentation for subawards issued in 2020 and

<sup>22</sup> The current cooperative agreement end date represents the end date of the most recent amendment awarded to the regional partner.

earlier may no longer be available for review. As a result, delaying the closeout heightened the risk of improper payments for unallowable or unsupported costs claimed by the regional partners and subrecipients.

Additionally, the Library's practice of changing requirements via amendments while continuing the cooperative agreements can make it difficult to determine which requirements, such as those related to matching and indirect cost rates, apply to which funds.

### Recommendation

We recommend that the Library:<sup>23</sup>

1. Update its *Grants and Cooperative Agreements Guidelines and Procedures* to limit the number of times the Library can continue the cooperative agreements, taking into consideration subgrantees' record retention requirements.

Below, we list this finding's applicable criteria.

OMB Circular A-110 (revised November 19, 1993, as further amended September 30, 1999), *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C, *53 Retention and access requirements for records*, (b), states:

*Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency.*

Title 2 CFR, Subtitle A, Chapter II, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (November 12, 2020), Subpart D, §200.334, *Retention requirements for records*, states:<sup>24</sup>

*Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.*

The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (the Green Book) (September 2014) states:

*Principle 12 – Implement Control Activities*

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<sup>23</sup> The OIG previously made a similar recommendation. In the report *Audit of the Library's Grants Operations, Policies, and Procedures*, 2020-PA-103, dated May 2021, the OIG recommended that the Library consider limiting the number of times it extended a grant's period of performance. The Library declined to implement that recommendation.

<sup>24</sup> Title 2 CFR §200.334, *Retention requirements for records*, has not changed since it was first implemented on December 26, 2013; the only change has been to its location, which was previously 200.333.

*Periodic Review of Control Activities*

*12.05 Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.*

*Principle 16 – Perform Monitoring Activities**Internal Control System Monitoring*

*16.04 Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring.*

## **INEFFECTIVE CONTROLS FOR INDIRECT COST APPROVAL AND MONITORING**

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CGD did not have effective controls in place to ensure that it adequately monitored the regional partners' indirect costs.<sup>25</sup> Specifically, we noted the following:

1. Regional partners included indirect costs in the budgets of their amended agreements before CGD developed and documented guidance regarding the administration, approval, and monitoring of those indirect costs.<sup>26</sup>
2. Only 12 of the 24 *Request for Advance or Reimbursement* forms<sup>27</sup> we tested required the regional partners to report indirect costs in accordance with the amendments to the cooperative agreements. For all 12 of the requests that did require indirect reporting, CGD did not obtain any supporting documentation to substantiate the costs, including indirect costs. In addition, the regional partners did not identify the indirect costs in their reimbursement requests, as required by *TPS Administrative Requirements*.
3. We tested 21 FFRs from the regional partners to determine if the regional partners reported their indirect costs. Two regional partners (specifically, ISU and MSU) did not report the indirect costs claimed as the federal cost share in any of the 21 FFRs.

### **Conclusion**

CGD lacked the policies and procedures needed to create a process for the routine monitoring and oversight of regional partners' indirect costs in compliance with 2 CFR Part 200 and the Library's internal guidelines. Specifically, we noted the following:

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<sup>25</sup> ISU reported indirect costs incorrectly on the FFR without supporting how it derived the indirect costs and MSU did not break out the indirect costs on the FFR.

<sup>26</sup> The Library did not include indirect costs as part of the original cooperative agreements executed on November 1, 2007. However, ISU began including indirect costs in its budgets starting with an amendment awarded on April 8, 2011. Additionally, both MSU and WU began including indirect costs in their budgets starting with amendments awarded on August 25, 2020, and September 10, 2021, respectively.

<sup>27</sup> A *Request for Advance or Reimbursement* is a form that recipients of federal grant funds use to request reimbursement for cash receipts and disbursements.

1. CGD's policies and procedures did not require it to perform a periodic review of its control activities to ensure their continued relevance when the process has undergone significant changes. Specifically, CGD did not update its policies and procedures before it allowed the TPS regional partners to include indirect costs as part of their budget amendments.
2. CGD's policies and procedures did not adequately address how it should monitor regional partners' indirect cost rates, as detailed below:
  - a. *Grants and Cooperative Agreements Guidelines and Procedures* did not address how CGD should monitor indirect costs claimed by the regional partners before it approves the cooperative agreements and any continuances, as well as throughout the periods of performance of the cooperative agreements.
  - b. Neither *Grants and Cooperative Agreements Guidelines and Procedures* nor *TPS Administrative Requirements* documents controls over the process for monitoring indirect costs at the proposal stage. These controls should include reviewing the regional partner's indirect cost plan and the supporting documentation before approving the plan. Controls should also include periodically reviewing reimbursement for grant expenses to ensure that the grantee properly calculated and reported indirect costs claimed in accordance with the approved indirect cost plan.
  - c. *TPS Administrative Requirements* did not provide regional partners with clear instructions regarding how to request reimbursement for indirect costs using the *Request for Advance or Reimbursement* form. Specifically, *TPS Administrative Requirements* does not address how to categorize costs within the *Request for Advance or Reimbursement* form to identify the indirect costs claimed.
  - d. *TPS Administrative Requirements* did not provide regional partners with clear instructions for reporting their indirect costs on the FFR. Specifically, the instructions for completing the FFR do not address how to report indirect costs (i.e., Block 11a-f). However, the instructions do refer to Appendix B as an example. *TPS Administrative Requirements* also does not require CGD to perform periodic reviews of the FFRs to ascertain whether the regional partners have supported their reported indirect costs.

CGD has not implemented adequate policies and procedures to establish internal controls over indirect costs. As a result, the Library does not have assurance that the agreed-upon indirect cost rates were appropriate and that the regional partners applied the rates correctly in their requests for reimbursement. As such, the Library is at risk of regional partners claiming indirect costs that are unallowable, unallocable, unreasonable, and unsupported.<sup>28</sup> This issue is compounded by the fact that the agreements have remained open for a period of 17 years.

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<sup>28</sup> We did not question any costs associated with indirect costs because we did not directly test the regional partners' expenses or the validity of the indirect cost rates applied by the regional partners.

## Recommendation

We recommend that the Library:

- 2.1 Update its policies and procedures to require CGD to perform an annual review of relevant policies and procedures (e.g., *Grants and Cooperative Agreements Guidelines and Procedures* and *TPS Administrative Requirements*), including identifying any significant changes to the process (such as incorporating indirect costs into the budget proposal) that would require CGD to update—or develop—control activities to help ensure that the Library and the regional partners are meeting the TPS objectives and appropriately mitigating risks.
- 2.2 Update *Grants and Cooperative Agreements Guidelines and Procedures* to address the monitoring of indirect costs, including:
  - 2.2.1 Adding a requirement for CGD to review the documentation supporting the basis for any changes in a regional partner's indirect cost rate percentage. The procedures should include how CGD will conduct and document this review.
  - 2.2.2 Adding periodic reviews of regional partners' application of their indirect cost rates to ensure that:
    - The application of the rate is in accordance with the approved indirect cost plans, and
    - Costs used to calculate indirect costs are allowable, reasonable, and allocable under the grant requirements and regional partners are not claiming indirect costs as both direct and indirect costs.
- 2.3 Review regional partners' indirect cost plans to substantiate the basis for their proposed indirect cost rates or confirm that an approved negotiated rate exists before approving the cooperative agreements and any continuances, as well as maintain documentation supporting that CGD performed this review. The review should help to ensure that the costs used to calculate indirect costs are allowable, reasonable, and allocable under grant requirements.
- 2.4 Update CGD's procedures to ensure that the *Request for Advance or Reimbursement* form identifies indirect costs as a cost category.
- 2.5 Update CGD's procedures to clearly indicate how regional partners should document their indirect costs on their FFRs and include a requirement for CGD to perform periodic monitoring of the regional partners' compliance in maintaining support for the indirect costs claimed on their FFRs.

Below, we list the applicable criteria for this finding.

GAO's Green Book (September 2014) states:

*Principle 12 – Implement Control Activities*

*Periodic Review of Control Activities*

*12.05 Management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. If there is a significant change in an entity's process, management reviews this process in a timely manner after the change to determine that the control activities are designed and implemented appropriately.*

*Principle 10 – Design Control Activities**Design of Appropriate Types of Control Activities*

*10.03 Management designs appropriate types of control activities for the entity's control system.*

...

*Appropriate documentation of transactions and internal control*

*Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained. An entity's internal control is flexible to allow management to tailor control activities to meet the entity's special needs.*

*Principle 16 – Perform Monitoring Activities**Internal Control System Monitoring*

*16.04 Management monitors the internal control system through ongoing monitoring and separate evaluations. Ongoing monitoring is built into the entity's operations, performed continually, and responsive to change. Separate evaluations are used periodically and may provide feedback on the effectiveness of ongoing monitoring.*

*TPS Administrative Requirements, Section A. For Advance or Reimbursement Payments – Complete the SF-270 Request for Advance or Reimbursement Form, states:*

*Grantees must complete the SF-270 form to request advances for either unliquidated obligations or a request for reimbursement for cash receipts and disbursements.*

This guidance also provides instructions for filling out the SF-270. Specifically, when filling out the form, grantees should include all categories of expenses, such as personnel and fringe, contractual, and indirect costs. Appendix C provides an example of a filled-out form.

*TPS Administrative Requirements* also states the following with regard to financial reporting:

*Grantees must complete the **SF-425 form** and **Budget Summary Report (BSR)** in order to report cumulative expenses incurred under each grant award as stated in the grant agreement. These forms are required to ensure all financial data is reported accurately.*

Block 11 of the SF-425 clearly identifies the indirect costs, indicating the type, rate, period from and to, base, amount charged, and federal share of the cost. Appendix B provides an example of a filled-out form. However, the Library did not provide the grantees with any instructions for completing this section of the SF-425.

## NONCOMPLIANCE WITH MATCHING REQUIREMENTS

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CGD and the regional partners did not effectively administer and monitor compliance with the matching requirement, as follows:

### ***Contracts and Grants Directorate Administration and Monitoring***

We noted the following issues related to CGD's administration and monitoring of the regional partners' matching requirements:

- **Two of the regional partners incorrectly calculated the matching requirement when preparing their budgets.** CGD did not ensure that the regional partners correctly calculated their matching requirement within their initial budgets included as part of their cooperative agreements. The matching requirement in the original cooperative agreements stated that the regional partners must provide matching funds of 20 percent of the total administrative costs, which included both the federal share and the non-federal share of administrative costs. However, when preparing their budgets, WU and MSU incorrectly calculated the matching amount as 20 percent of the Library's federal share of administrative costs, rather than as 20 percent of the total administrative costs, including both federal and non-federal costs. CGD did not detect these miscalculations as part of its monitoring activities.
- **Budgets included with the cooperative agreements did not consistently identify the required amounts for matching costs.** Amendments to the original cooperative agreements and the accompanying budgets did not always address the matching requirements, either in the amendment narratives or in the accompanying budgets. Specifically, although all three of the regional partners included a matching budget in the initial cooperative agreement awards, we noted the following issues related to the initial cooperative agreements and the related amendments:
  - ISU was the only regional partner to include a matching budget with the first amendment to the cooperative agreement.
  - None of the regional partners provided matching budgets for any of the amendments after the first.
  - ISU waived its indirect costs to meet the matching requirement in the amendment awarded on June 21, 2018; however, it did not provide a matching budget.
  - ISU discontinued waiving its indirect costs as matching in the amendment awarded on September 9, 2021.
  - The Library removed WU's matching requirement in the amendment awarded on January 26, 2017.
- **CGD's monitoring of the regional partners' compliance with the matching requirement was incomplete.** CGD did not review the underlying documentation to verify that the regional partners met the matching requirement. Specifically, CGD monitored the regional partners' compliance using their FFRs. However, CGD did not review the underlying support for the FFRs, such as expenditure receipts or invoices. We tested 30 FFRs and found no documented review of the underlying support for the expenditures reported. Although FFRs provide cumulative information on federal and

matching costs at a point in time, they do not provide sufficient information for CGD to determine whether the costs the regional partners claimed were allocable, reasonable, and allowable in meeting the matching requirements set forth in their cooperative agreements.

### ***Regional Partners Administration and Monitoring***

Two of the regional partners did not effectively administer and monitor their subgrantees' compliance with the matching requirement within the subaward. We identified instances in which the regional partners did not administer and monitor the matching requirement by reviewing source documentation to ascertain if the matching cost was reasonable and allowable. Specifically, we noted the following:

- Four MSU subgrantees submitted final reimbursement requests (i.e., Budget Summary Reports) that did not provide any supporting information regarding matching costs.
- One ISU subgrantee did not report any matching costs.
- One ISU subgrantee did not meet the matching cost requirement.

### **Conclusion**

CGD and the regional partners' internal controls were not designed to effectively mitigate risks related to the matching requirement. Specifically, we noted the following:

CGD does not have documented procedures to:

- Ensure that the regional partners calculate the matching requirement in accordance with their cooperative agreements.
- Verify and approve the matching cost budgets.
- Review matching costs sufficiently to provide a basis for determining reasonableness and allowability in accordance with 2 CFR Part 200 and the cooperative agreements.

Two of the regional partners (ISU and MSU) did not have sufficient internal control procedures over monitoring to provide assurance of subgrantees' compliance with the 20 percent matching requirement, such as reporting of matching costs and periodic verification of those matching costs based on source documentation. Implementing such controls at the regional partners would enable the Library to determine if the subgrantees:

- Do not have supporting documentation for the match costs claimed.
- Are not reporting their match costs.
- Do not meet their match requirement at closeout.

As a result of CGD and the regional partners' lack of sufficiently designed controls around the matching requirement, the regional partners have received funding under the cooperative agreements without fulfilling the terms of the agreements related to the matching requirement. Because the agreements are still active, the total monetary impact cannot be determined, as the regional partners have not submitted final reported costs at the time of our review. However, we found the following:

**Contracts and Grants Directorate**

As a result of their miscalculation of the matching requirement, the regional partners understated their match budget for the TPS program. However, as a result of the continuing extensions to the period of performance, we cannot calculate the full amount of the potential underfunding until the cooperative agreements have closed. As such, we found that the initial matching budgets for the cooperative agreements executed in 2007 were understated by \$8,205. It is likely that later years of the cooperative agreements contained either under- or overstatements related to matching costs. Figure 3 provides the understated budgeted matching costs by regional partner:

**Figure 3: Miscalculation of Matching Costs in 2007**

Funding Source	(A) Admin.* Costs per Approved Budget	Percentage of Admin. by Funding Source	(B) Admin. Costs Per Cooperative Agreement Terms	Percentage of Admin. by Funding Source	Understated Budget Match \$
<b>MSU</b>					
<b>Federal</b>	\$100,000	83%	\$100,000	80%	\$0
<b>Match</b>	\$20,000	17%	\$25,000	20%	\$5,000
<b>Total</b>	\$120,000	100%	\$125,000	100%	\$5,000
<b>WU</b>					
<b>Federal</b>	\$64,088	83%	\$64,088	80%	\$0
<b>Match</b>	\$12,817	17%	\$16,022	20%	\$3,205
<b>Total</b>	\$76,905	100%	\$80,110	100%	\$3,205
<b>Combined Understated Match Budget</b>					<b>\$8,205</b>
* The regional partners calculated the budgeted amount for the matching costs using 20 percent of (A), the federal share of administrative costs, rather than (B), the total administrative costs (i.e., total federal funds and matching funds equal to total administrative costs)					

As shown in Figure 4, we estimate that, because the regional partners underbudgeted their matching funds by \$8,205 in 2007, CGD and the Library may have allowed regional partners to spend \$32,820 in federal funding that they were not entitled to receive for administrative expenses under the cooperative agreement.

**Figure 4: Effect of Miscalculated Matching Budget Costs in 2007**

Funding Source	Amount	Percentage of Total
<b>Federal Costs Not Supported by Matching Support</b>	\$32,820	80%
<b>Matching Support Not Provided</b>	\$8,205	20%
<b>Total Costs</b>	<b>\$41,025</b>	<b>100%</b>

Without including the matching requirement in the budgets/amendments for the cooperative agreements, the Library will find it difficult to monitor the regional partners' compliance with the 20 percent matching requirement. If the regional partners fail to meet the matching requirement, there is a heightened risk that the Library will not detect this failure.

However, the regional partners still have an opportunity to meet the matching requirement before the cooperative agreements' periods of performance end.<sup>29</sup> Because CGD did not

<sup>29</sup> Each regional partner's period of performance began on November 1, 2007, per the original cooperative agreements. The end of the original period of performance for the pilot program was 15 months, or February 1, 2008. However, the Library issued multiple amendments to extend the period of performance through December 31, 2024.

assess the regional partners' progress in meeting the matching requirement during the agreements' periods of performance, a review of 17 years' worth of matching support and calculations for each cooperative agreement must be performed to assess compliance with the matching requirement. The review for the matching requirement will need to determine if regional partners have applied unallocable, unallowable, and unreasonable expenses toward meeting matching requirements. During the 17-year period, the regional partners received federal funding for subawards and program administrative costs totaling \$27.3 million.<sup>30</sup>

### **Regional Partners**

Because the regional partners did not take steps to confirm that their subgrantees incurred and supported matching costs, the regional partners potentially provided the subgrantees with federal funds that the subgrantees were not entitled to use.<sup>31</sup>

### **Recommendation**

We recommend that the Library:

- 3.1 Create guidance for the regional partners that demonstrates how to calculate the matching requirement in accordance with the cooperative agreements.
- 3.2 Create procedures/internal controls to ensure that personnel comply with the defined methodology during the budget approval process, including budgeting matching costs as a separate line item to facilitate review and approval of the budget from a compliance standpoint.
- 3.3 Create guidance and associated procedures/internal controls to help ensure that CGD sufficiently reviews matching costs using FFRs to provide a basis for determining reasonableness and allowability in accordance with 2 CFR Part 200 and the cooperative agreements. This should include defining and documenting the methodology used for reviewing the underlying support, such as expenditure receipts and invoices, in substantiating the reasonableness and allowability of the matching costs.
- 3.4 Assist the regional partners by communicating clear monitoring procedures for them to use in ensuring that they have sufficiently reviewed subgrantees' matching costs to provide a basis for determining reasonableness and allowability in accordance with 2 CFR Part 200 and the subgrantee awards. This should include:
  - 3.4.1 Defining and documenting the methodology the regional partners should use in reviewing the underlying support, such as expenditure receipts and invoices, to help substantiate matching costs.
  - 3.4.2 Establishing a financial reporting protocol that clearly identifies the match cost incurred.
  - 3.4.3 Identifying corrective actions the regional partners should take if they determine that subgrantees do not meet the match requirements.

Below, we list the applicable criteria for this finding.

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<sup>30</sup> The Library removed WU's match requirement in an amendment to the cooperative agreement made as of January 26, 2017.

<sup>31</sup> We did not question any costs associated with the matching requirement because we did not directly test the subgrantees' expenses pertaining to the matching requirement.

***Federal Regulations in place from November 2007 through September 2024:***

OMB Circular A-110 (revised November 19, 1993, as further amended September 30, 1999), *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C – *Post-Award Requirements, Financial and Program Management*, .23 *Cost sharing or matching*, states:

*(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.*

- (1) Are verifiable from the recipient's records.*
- (2) Are not included as contributions for any other federally assisted project or program.*
- (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.*
- (4) Are allowable under the applicable cost principles.*
- (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.*
- (6) Are provided for in the approved budget when required by the Federal awarding agency.*
- (7) Conform to other provisions of this Circular, as applicable.*

*(b) Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.*

***Federal Regulations implemented in December 2013 and revised in August 2020:***

Title 2 CFR, Subtitle A, Chapter II, Part 200, January 1, 2014, and May 17, 2017, Edition, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart D, §200.306, *Cost sharing or matching*, states:

*(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing, or matching when such contributions meet all the following criteria:*

- (1) Are verifiable from the non-Federal entity's records;*
- (2) Are not included as contributions for any other Federal award;*
- (3) Are necessary and reasonable for accomplishment of project or program objectives;*
- (4) Are allowable under subpart E – Cost Principles of this part;*
- (5) Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;*
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and*
- (7) Conform to other provisions of this part, as applicable.*

According to 2 CFR §200.331, *Requirements for pass-through entities*:

All pass-through entities must:

- (d) *Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*
- (1) *Reviewing financial and programmatic reports required by the pass-through entity.*
  - (2) *Following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*

Title 2 CFR, Subpart A, Chapter II, Part 200, November 12, 2020, Edition, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart B, § 200.306, *Cost sharing or matching*, (b), applies; however, because there have been no changes to the text through September 2024, we have not provided the full text again in this section.

Title 2 CFR § 200.332, *Requirements for pass-through entities*, (d), states:

- (d) *Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*
- (1) *Reviewing financial and performance reports required by the pass-through entity.*
  - (2) *Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and written confirmation from the subrecipient, highlighting the status of actions planned or taken to address Single Audit findings related to the particular subaward.*

GAO's Green Book (September 2014) states:

*Principle 6 – Define Objectives and Risk Tolerances*

*6.01 Management should define objectives clearly to enable identification of risks and define risk tolerances.*

*Principle 10 – Design Control Activities*

*10.01 Management should design control activities to achieve objectives and respond to risks.*

*Principle 12 – Implement Control Activities*

*12.01 Management should implement control activities through policies.*

*Principle 15 – Communicate Externally*

*15.01 Management should externally communicate the necessary quality information to achieve the entity's objectives.*

*Principle 16 – Perform Monitoring Activities*

*16.01 Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.*

*Principle 17 – Evaluate Issues and Remediate Deficiencies*

*17.01 Management should remediate identified internal control deficiencies on a timely basis.*

Each of the original cooperative agreements between the Library and the regional partners included a matching requirement:

*I. Terms and Conditions*

*C. Regional Partner*

*iii. Provide matching funds of twenty % (20%) of the total administrative costs identified in the Budget attached hereto as Exhibit C as in-kind contributions or cash.*

LCR 7-310, *Grants and Funded Cooperative Agreements* (last revised December 14, 2004), 6. *Responsibilities and Procedures*, states:

*B. The Chief Acquisition Officer and Director, CGD is the Library's senior advisor on grants and assistance programs. The Director is responsible for: (i) ensuring that awards are made and administered in accordance with applicable law, regulation, and Library policy; (ii) establishing grant policies and procedures and issuing grant directives... (iv) ensuring that internal controls sufficient to protect the Government's interests are in effect in CGD.*

...

*D. The Grants Officer is responsible for: (i) drafting award documents in accordance with applicable laws (including relevant authorizing legislation), regulations, and Library policies and procedures, and in consultation with the program office and the Chief Financial Officer; (ii) approving budgets submitted by recipient; (iii) reviewing reports on the advance (draw-down) and expenditure of funds; (iv) monitoring the activities described in the award instrument; (v) ensuring that the activities are being conducted in accordance with the terms and conditions of the award instrument and with sound business practices.*

ISU's TPS Midwest Region website and MSU's TPS Western Region website provide instructions on preparing a grant proposal that include budgeting funding for the required 20 percent matching amount.

## APPENDIX A – OBJECTIVE, SCOPE, AND METHODOLOGY

### Objective

In determining the regional partners' compliance with the Library of Congress's (Library) Teaching with Primary Sources (TPS) awards, our specific audit objectives were to:

1. Determine compliance with the requirements for the TPS grant awards issued to Waynesburg University (WU), Illinois State University (ISU), and Metropolitan State University of Denver (MSU).
2. Determine whether WU, ISU, and MSU are awarding, administering, and monitoring subawards in compliance with the Uniform Guidance (2 Code of Federal Regulations [CFR] Part 200), TPS program requirements, and each university's respective requirements.

### Scope

We performed the work from September 2023 through May 2025, covering TPS cooperative agreements and subawards from November 1, 2007, through December 31, 2024.

### Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards, as specified in the Government Accountability Office's (GAO) *Government Auditing Standards*. These 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.

Sikich performed a combination of inquiries, walkthroughs, inspections of policies and procedures, and testing of key business processes in the administration of the TPS grant awards and subawards. We conducted our testing and reviews using the CFR, the terms and conditions within the cooperative agreements,<sup>32</sup> and GAO's *Standards for Internal Control in the Federal Government* (the Green Book) as criteria.

We determined that internal controls were significant to the audit objectives. As such, we planned and performed our procedures to assess internal controls to the extent necessary to address the audit objectives. We considered internal controls in the context of GAO's Green Book, a comprehensive internal control framework for federal entities.

We selected non-statistical samples and tested the following areas: internal controls and compliance over key business processes relating to the award (26 samples), expenditures (74 samples), matching (10 samples), monitoring (47 samples), reporting (48 samples), and close-out (17 samples). Our testing included a mix of samples related to the cooperative agreements that the Library issued to the regional partners and subawards that the regional partners issued to subgrantees.

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<sup>32</sup> Cooperative agreements are a form of grant used when a federal agency anticipates providing substantial assistance. The cooperative agreement is a contracting mechanism used to award the grant to the Library's regional partners and is the equivalent of a grant award.

Our general audit methodology included:

- Assessing the audit risks and significance within the context of our audit objectives.
- Obtaining an understanding of the processes, procedures, and internal controls significant to the award, administration, and monitoring of TPS grant awards and subawards.
- Reviewing and testing the significant internal controls over the Library's and its regional partners' award, administration, and monitoring of TPS grant awards and subawards.
- Identifying sources of evidence and the amount and type of evidence required.
- Determining whether other auditors have conducted, or are currently conducting, audits of the program that could be relevant to our audit objectives.

To implement our audit methodology, we performed the following audit procedures:

- Interviewed appropriate Library and regional partner staff to obtain an understanding of the TPS program and its administration.
- Reviewed current policies and procedures and identified internal controls in place to establish and maintain compliance with federal regulations and applicable laws and regulations.
- Performed procedures to assess the design and effectiveness of established internal controls, including performing walkthroughs, inquiries, and inspection of documents and conducting various analyses.
- Obtained and reviewed grant award and subaward files to test compliance with federal regulations, as applicable to the audit objectives.
- Obtained and examined the cooperative agreements to evaluate the terms and conditions and test the Library's administration of—and the regional partners' compliance with—the agreement requirements.
- Obtained and examined a sample of subawards to evaluate the terms and conditions and test the regional partners' administration of—and the subgrantees' compliance with—the subaward requirements.
- Conducted virtual site visits at WU, ISU, and MSU to obtain an understanding of the TPS subaward process and assess the applicable control environment.
- Conducted interviews with Library and regional partner personnel to fulfill our consideration of fraud in a performance audit.

We provided exit briefings to the regional partners and to the Library to summarize our procedures and the results of our testing.

We provided our draft audit report to the Library on May 29, 2025, and received Library management's comments on August 14, 2025. We have included these comments in Appendix B. We considered Library management's comments on the draft audit report when finalizing this report.

APPENDIX B – MANAGEMENT COMMENTS



Office of the Librarian

MEMORANDUM

DATE August 14, 2025  
TO Kimberly Benoit, Inspector General  
FROM Robert R. Newlen, Acting Librarian of Congress *Robert R. Newlen*  
SUBJECT Management Response to OIG Report 2023-SP-102, Audit of the Teaching with Primary Sources Program and Three Regional Partners

Thank you for providing Library of Congress (Library) management with a draft of the Office of the Inspector General's (OIG) report.

Although the stated objectives were to “determine compliance with the requirements for the Teaching with Primary Sources (TPS) grant awards issued to [three specific regional awardees]” and “whether the [awardees] are awarding, administering, and monitoring subawards in compliance with Uniform Guidance, TPS requirements, and each respective awardee’s requirements,” we understand the scope ultimately focused on the Library’s compliance and management of the awards with recommendations for improvement of Library oversight and management of regional awards in future. As such, the audit outcome identifies opportunities for the Library as it moves forward in awarding new regional grants. The Library has conducted new competitions for regional awards, issuing a Notice of Funding Opportunity (NOFO) in August 2024 and issuing four new regional awards in February 2025. The Library has adjusted the terms of such awards in response to issues raised by the auditors. Accordingly, the Library intends to close out the regional awards that are the subject of this report.

In addition, the Library provides the following responses to each recommendation and corrective action plans for those with which the Library agrees.

**Recommendation 1:** Update its *Grants and Cooperative Agreements Guidelines and Procedures* to limit the number of times the Library can continue the cooperative agreements, taking into consideration subgrantees’ record retention requirements.

**LC Response:** Agree to implement higher-level review guidance for grants extended beyond their initial planned period and to review extenuating circumstances (such as outstanding cost audits) that would necessitate an extension. The Library will review other agency practices and consider including a requirement for upper management

approval before granting an extension. The Library anticipates completion by June 30, 2026.

**Recommendation 2.1:** Update its policies and procedures to require CGD to perform an annual review of relevant policies and procedures (e.g., *Grants and Cooperative Agreements Guidelines and Procedures* and *TPS Administrative Requirements*), including identifying any significant changes to the process (such as incorporating indirect costs into the budget proposal) that would require CGD to update—or develop—control activities to help ensure that the Library and the regional partners are meeting the TPS objectives and appropriately mitigating risks.

LC Response: Disagree. LCR 1-710 requires " ... that regulations be reviewed by the originating organization at least once every five years, or earlier if statutory law, case law, or policy changes require revisions."

**Recommendation 2.2.1:** Update *Grants and Cooperative Agreements Guidelines and Procedures* to address the monitoring of indirect costs, including adding a requirement for CGD to review the documentation supporting the basis for any changes in a regional partner's indirect cost rate percentage. The procedures should include how CGD will conduct and document this review.

LC Response: Agree in part. The Library in the CGD Grant Guidelines and Procedures section 2 paragraph E includes procedures for reviewing the budget: "The Grants and Other Transactions Section will conduct a detailed review of the budget for each of the applicants selected. This review involves ensuring that the budget adds up correctly; that all proposed direct costs are allowable, allocable, and reasonable using the 2 CFR 200, Subpart E as a guideline; and that proposed indirect costs are fairly and consistently applied, and capped at the program rate as described in the NOFO." The Library does not establish a recipient's indirect cost rate, as we are not the rate-setting agency. The Library sets a maximum de minimis rate (currently 15%). Use of the de minimis does not require additional documentation from the regional partner. See 2 CFR 200.414(f): "The de minimis rate does not require documentation to justify its use and may be used indefinitely". The Library Guidelines require Grants Officers to review indirect rates to confirm they are within our maximum and applied correctly. The Library will review the Guidelines to ensure that they are applicable to any requested changes to indirect rates to confirm that they remain within our maximum and are applied correctly. The Library anticipated completion by June 30, 2026.

**Recommendation 2.2.2:** Update *Grants and Cooperative Agreements Guidelines and Procedures* to address the monitoring of indirect costs, including adding periodic reviews of regional partners' application of their indirect cost rates to ensure that: the application of the rate is in accordance with the approved indirect cost plans; and costs used to calculate indirect costs are allowable, reasonable, and allocable under the grant requirements and regional partners are not claiming indirect costs as both direct and indirect costs.

LC Response: Agree in part. The Library is not a rate-setting agency and does not establish indirect rate agreements. Rather, the Library utilizes a maximum de minimis

rate for all awards, which do not require additional documentation. The Library relies on the rate identified within the NOFO and the subsequent agreement (up to the de minimis) and does not assess the underlying elements of the costs for allowability, allocability, and reasonableness. The Library will ensure Grant and Cooperative Agreement guidelines and procedures address application of the indirect rate captured in awarded grants and consistency with how they are applied in the financial reports. The Library anticipates completion by June 30, 2026.

**Recommendation 2.3:** Review regional partners' indirect cost plans to substantiate the basis for their proposed indirect cost rates or confirm that an approved negotiated rate exists before approving the cooperative agreements and any continuances as well as maintain documentation supporting that CGD performed this review. The review should help to ensure that the costs used to calculate indirect costs are allowable, reasonable, and allocable under grant requirements.

**LC Response:** Disagree. Because the Library is not directly subject to Office of Management and Budget authority, the Library need not use "approved negotiated indirect cost rates." The Library utilizes a de minimis rate (capped) as incorporated into the agreement. There is no requirement to review additional documentation of indirect costs under the de minimis rate. The Library's guidelines, noted above in response to recommendation 2.2.1, already address review of indirect costs for fair and consistent application in accordance with the NOFO and award instructions.

**Recommendation 2.4:** Update CGD's procedures to ensure that the *Request for Advance or Reimbursement* form identifies indirect costs as a cost category.

**LC Response:** Agree. The Library will review guidance to confirm that the Grants Officer is instructed to review the budget to match the Standard Form Request for Advance or Reimbursement. The Library anticipates completion by June 30, 2026.

**Recommendation 2.5:** Update CGD's procedures to clearly indicate how regional partners should document their indirect costs on their FFRs and include a requirement for CGD to perform periodic monitoring of the regional partners' compliance in maintaining support for the indirect costs claimed on their FFRs.

**LC Response:** Agree. The Federal Financial Report standard form (425) at block 11 captures indirect costs. The Library will review guidance to confirm the grantees are instructed to enter their indirect costs, and that additional supporting documentation is not required. The Library anticipates completion by June 30, 2026.

**Recommendation 3.1:** Create guidance for the regional partners that demonstrates how to calculate the matching requirement in accordance with the cooperative agreements.

**LC Response:** Agree in part. The Library will provide the information from this audit to the three regional partners and instruct them to calculate the matching amounts consistent with their cooperative agreement for the purpose of closing the regional cooperative agreements. The Library no longer requires cost matching or imposes any

percentage requiring a calculation of any matching costs. Cost sharing may be proposed by the applicant. If any cost sharing is proposed, the Grant Instrument includes the total voluntary cost share amount. Grants with cost sharing include language that require all cost share expenses to comply with 2 CFR § 200.306 and be incurred during the award's period of performance and be reported by the awardee on all periodic reports. Any changes to the budget, including applicable cost share portions, are incorporated via modification. The Library anticipates completion by Dec. 31, 2026.

**Recommendation 3.2:** Create procedures/internal controls to ensure that personnel comply with the defined methodology during the budget approval process, including budgeting matching costs as a separate line item to facilitate review and approval of the budget from a compliance standpoint.

**LC Response:** Disagree. The Library will review the budgeted matching costs of the three regional partners for the purpose of closing these cooperative agreements. We acknowledge the 2008 grants included a requirement that regional partners "Provide matching funds of twenty % (20%) of the total administrative costs identified in the Budget attached hereto as Exhibit C as in-kind contributions or cash." Although cost sharing was applicable to years one and two of the regional grants, it was excluded from the budgets and agreement for years three and forward.

The TPS program has no statutory cost sharing mandate and recent NOFOs and awards do not require mandatory cost sharing. Procedures already exist for the budget approval process. The *CGD Grant Guidelines and Procedures* at section 2 paragraph E include procedures for reviewing the budget: "The Grants and Other Transactions Section will conduct a detailed review of the budget for each of the applicants selected. This review involves ensuring: that the budget adds up correctly; that all proposed direct costs are allowable, allocable, and reasonable using the 2 CFR 200, Subpart E as a guideline; and that proposed indirect costs are fairly and consistently applied, and capped at the program rate as described in the NOFO." Awardee budgets do reflect a separate line item if they voluntarily propose a cost share. Because the Library does not impose mandatory matching, there is no need to create procedures for such.

**Recommendation 3.3:** Create guidance and associated procedures/internal controls to help ensure that CGD sufficiently reviews matching costs using FFRs to provide a basis for determining reasonableness and allowability in accordance with 2 CFR Part 200 and the cooperative agreements. This should include defining and documenting the methodology used for reviewing the underlying support, such as expenditure receipts and invoices, in substantiating the reasonableness and allowability of the matching costs.

**LC Response:** Agree in part. LCR 7-310 requires the Grants Officer to review periodic and final reporting on the progress of the undertaking and the expenditure of funds. Section 4 of the *CGD Grant Guidelines and Procedures* require the Grants Officer to determine reasonableness of the costs expended on the award and that the expenditures are within budget. Internal controls over disbursements are maintained through segregation of duties roles within the Legislative Branch Financial Management System. For any cost sharing identified on the report, if financial weaknesses are

identified on the audits performed under the Single Audit or independent auditor indicating risks that the regional partner is non-compliant with their established accounting practices, the Grants Officer will request additional supporting documentation. This will be reflected in revised guidance. The Library anticipates completion by June 30, 2026.

**Recommendations 3.4.1, 3.4.2, and 3.4.3:** Assist the regional partners by communicating clear monitoring procedures for them to use in ensuring that they have sufficiently reviewed subgrantees' matching costs to provide a basis for determining reasonableness and allowability in accordance with 2 CFR Part 200 and the subgrantee awards. This should include:

3.4.1 Defining and documenting the methodology the regional partners should use in reviewing the underlying support, such as expenditure receipts and invoices, to help substantiate matching costs.

3.4.2 Establishing a financial reporting protocol that clearly identifies the match cost incurred.

3.4.3 Identifying corrective actions the regional partners should take if they determine that subgrantees do not meet the match requirements.

LC Response: Disagree. The Library does not have a requirement for matching funds for grantees or for subgrantees. The cooperative agreements for regionals states they must follow 2 CFR 200.332, Requirements for pass-through entities, which describes the monitoring procedures required. The regional partners must follow their established accounting practices for complying with the CFR and the terms of the cooperative agreement. If a regional awardee issues a sub-grant with cost sharing, the regional partner must monitor the sub-awardee pursuant to 2 CFR 200.332, including sub-paragraph (e)(2) which requires the entity to ensure that the subrecipient takes corrective action on all significant developments that negatively affect the subaward and sub-paragraph (f) which identifies monitoring tools to ensure proper accountability and compliance with program requirements and achievement of performance goals, including training and technical assistance on program-related matters and performing site visits to review the subrecipient's program operations.

cc: Roberto Salazar, Chief Operating Officer  
Shari Werb, Director, Center for Learning, Literacy, and Engagement

## APPENDIX C – AUDITOR’S COMMENTS TO THE LIBRARY’S RESPONSE

We are providing the following auditor’s comments on the Library’s response. In our review of the Library’s response, we identified areas where the Library agreed with the recommendation, agreed with the recommendation but the corrective actions described will not sufficiently address the recommendation, agreed in part to recommendation, or disagreed with recommendations. Our evaluation of the Library’s response is below. The OIG provided additional comments, which have been reproduced within this appendix in their entirety without edit.<sup>33</sup>

### **Auditor’s Comment on the Library’s Response to Recommendation 1:**

The Library agreed to implement a higher-level review of guidance for grants extended beyond their original period of performance, however, we have concerns regarding the implementation steps described. The Library’s response stated it will (1) implement higher-level reviews for grants extended beyond their initial planned period and (2) consider including a requirement for upper management approval before granting an extension. While these actions are promising, updating the Grants and Cooperative Agreements Guidelines and Procedures is a necessary step to ensure adequate continuance procedures are in place for TPS grants.

### **OIG’s Comment on the Library’s Response to Recommendation 1:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management’s agreement and will review the Library’s artifacts provided for sufficiency when the request to close the recommendation is made.

### **Auditor’s Comment on the Library’s Response to Recommendation 2.1:**

The Library disagreed with the recommendation. It is our opinion that LCR 1-710 clearly indicates “...that regulations be reviewed by the originating organization at least [emphasis added] once every five years, or earlier if statutory law, case law, or policy changes require revisions,” this provision would not prevent CGD from performing an annual review of its relevant policies and procedures. We believe that a five-year review cycle prevented the Library from timely identifying the need to update or develop control activities as described in the report.

### **OIG’s Comment on the Library’s Response to Recommendation 2.1:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management’s disagreement and consider the recommendation closed, not implemented.

### **Auditor’s Comment on the Library’s Response to Recommendation 2.2.1:**

The Library agreed in part to the recommendation. As indicated in the audit finding, the Library did not provide documentation to support it was monitoring the regional partners to verify that they applied the indirect cost rate correctly. The current guidelines do not address how to verify and document the application of the indirect cost rate. Our concern is that the Library may determine the current guidelines to be sufficient to address requested changes to the indirect cost rate without providing procedures to document that verification. We do not recommend the

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<sup>33</sup> The OIG’s comments do not represent the auditor’s comments and were not subject to audit procedures. In preparing its comments, the OIG chose to perform additional work outside the scope of the audit after the auditee responded to the draft report. Accordingly, we do not provide any assurance regarding these comments.

Library become an indirect cost rate-setting agency; however, the Library should review the supporting basis for any changes in a regional partner's indirect cost rate percentage.

**OIG's Comment on the Library's Response to Recommendation 2.2.1:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management's agreement and will review the Library's artifacts provided for sufficiency when the request to close the recommendation is made.

**Auditor's Comment on the Library's Response to Recommendation 2.2.2:**

The Library agreed in part to the recommendation. Our recommendation was for the Library to periodically conduct monitoring reviews of the application of the indirect cost rate to ensure that it agrees with the cooperative agreement and that the costs used to calculate the indirect costs are allowable. We have concerns with the sufficiency of the proposed corrective action because it does not include a documented review of the costs against which the recipient is applying the indirect cost rate.

**OIG's Comment on the Library's Response to Recommendation 2.2.2:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management's agreement and will review the Library's artifacts provided for sufficiency when the request to close the recommendation is made.

**Auditor's Comment on the Library's Response to Recommendation 2.3:**

The Library disagreed with our recommendation. The Library's position is that, when it incorporates a de minimis indirect cost rate into a cooperative agreement, there is no need to review the indirect costs. However, if the Library does not monitor indirect costs, it risks paying indirect costs that are higher than are allowed under the cooperative agreement.

Monitoring can help to confirm that recipients are calculating indirect costs correctly in accordance with the cooperative agreement.

**OIG's Comment on the Library's Response to Recommendation 2.3:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management's disagreement and consider the recommendation closed, not implemented. The Library provided a copy of a new NOFO that was awarded in February 2025 which stated that the Library will not approve any indirect cost rates over 15% (the current de minimis rate) and the Library will not adhere to any other indirect cost rates negotiated by other Federal agencies. While these changes do not directly address the recommendation, we recognize that steps have been taken reduce risk related to indirect cost rates allowed for the program.

**Auditor's Comment to Library's Response on Recommendation 2.4:**

The Library agreed with Recommendation 2.4, and we found the corrective actions described to be sufficient to address the recommendation.

**Auditor's Comment to Library's Response on Recommendation 2.5:**

The Library agreed with our recommendation. However, the corrective action described only addresses the first part of the recommendation. By not establishing periodic monitoring of the reported indirect costs in the Federal Financial Report, the Library is unable to confirm that recipients are calculating indirect costs correctly.

**OIG’s Comment on the Library’s Response to Recommendation 2.5:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management’s agreement and will review the Library’s artifacts provided for sufficiency when the request to close the recommendation is made.

**Auditor’s Comment on the Library’s Response to Recommendation 3.1:**

The Library agreed in part with the recommendation. The Library does not intend to develop any formal guidance regarding how to calculate the matching requirement in accordance with the cooperative agreement because the Library no longer requires recipients to propose match costs in their budgets. However, the Library still allows applicants to propose cost-sharing in their budgets.<sup>34</sup> It would be in the Library’s best interest to reduce such risk by creating procedures to clearly formalize the calculation guidance for the proposed cost-sharing or match requirement within the cooperative agreement, as recommended.

**OIG’s Comment on the Library’s Response to Recommendation 3.1:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management’s agreement and will review the Library’s artifacts provided for sufficiency when the request to close the recommendation is made.

**Auditor’s Comment on the Library’s Response to Recommendation 3.2:**

The Library disagreed with the recommendation. Although the Library indicates that it will have no mandatory cost-sharing requirement going forward, the Library’s acceptance of voluntary cost-sharing in the award proposal that is incorporated into the cooperative agreement will become a cost-sharing requirement. This will require the Library to obtain an understanding of how the budget for that cost-sharing was determined to ensure consistency for future amendments or until the cost-sharing requirement is voluntarily revised or removed from the budget through an amendment. Given that the Library accepts proposed cost-sharing from grant applicants, we believe the recommendation should be implemented.

**OIG’s Comment on the Library’s Response to Recommendation 3.2:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management’s disagreement and consider the recommendation closed, not implemented. The Library provided a copy of a new NOFO that was awarded in February 2025 which stated that the Library will not approve any indirect cost rates over 15% (the current de minimis rate) and the Library will not adhere to any other indirect cost rates negotiated by other Federal agencies. Based upon our review, steps have been taken to update and further clarify in the current TPS cooperative agreements the matching or cost share requirements and instructions for the budget which could aid the review of any future voluntary cost share amounts. While these changes do not directly address the recommendation, we recognize that steps have been taken reduce risk related to indirect cost rates allowed for the program.

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<sup>34</sup> The phrases “cost-sharing” and “match cost” have been used interchangeably. Match cost is a specific type of cost-sharing in which the recipient must contribute a certain percentage or amount of the total cost to “match” the funding that the awarding agency provided. It is not clear whether the Library will allow the proposed cost-sharing to be a percentage of a specific cost or whether the proposed cost-sharing would be a specific amount. This leaves open the risk that recipients could miscalculate the match cost requirement again in the future.

**Auditor's Comment on the Library's Response to Recommendation 3.3:**

The Library agreed in part to the recommendation. However, we do not consider the proposed actions to be adequate to address the condition noted. The Library indicates that the Grants Officer reviews periodic and final reporting of the undertaking and expenditure of funds to determine the reasonableness of the match costs and that the expenditures within budget as indicated in its current regulations and procedures. However, during our fieldwork, we found that this had not occurred. The Library indicated that it will only request additional supporting documentation if a Single Audit or other independent audits identifies risks that the regional partner is non-compliant with their accounting practices and that this will be reflected in the revised guidance. Such a reliance on Single Audits without confirming that those audits are actually addressing TPS grant requirements may not enable the Library to achieve the appropriate level of risk mitigation in determining the reasonableness and allowability of the matching costs.

**OIG's Comment on the Library's Response to Recommendation 3.3:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management's agreement and will review the Library's artifacts provided for sufficiency when the request to close the recommendation is made.

**Auditor's Comment on the Library's Response to Recommendations 3.4.1, 3.4.2 and 3.4.3:**

The Library disagreed with these recommendations. The Library indicated that it does not require grantees or subgrantees to propose matching funds. However, the Library indicated that it would accept proposed cost-sharing from grant applicants. Any proposed cost-sharing included in the Grant Instrument would become a requirement unless specifically stated otherwise.

Further, the Library also stated that, as pass-through entities, the regional partners are responsible for monitoring the subgrantees. However, if the Library does not require the regional partners to exclude cost-sharing from their subaward agreements, then some oversight guidance will be needed to ensure that the regional partners are setting consistent requirements for their subgrantees.

As stated in the recommendation, we believe the Library should mitigate its risk by ascertaining that the regional partners (1) have internal controls in place to ensure that subgrantees properly report match costs incurred, (2) periodically substantiate the match costs incurred, and (3) take appropriate corrective action when a subgrantee does not meet the cost-sharing requirement in its grant agreement.

**OIG's Comment on the Library's Response to Recommendations 3.4.1, 3.4.2 and 3.4.3:**

Per LCR 9-160, Rights and Responsibilities of Employees to the Inspector General, we are accepting management's disagreement and consider the recommendations closed, not implemented. The Library provided a copy of a new NOFO that was awarded in February 2025. The new NOFO specifies that there is no required matching or cost share. It also includes additional guidance to the regional partners that proposals may include voluntary matching or cost share and instructions for the cost share elements to be reported within the budget. While these changes do not directly address the recommendation, we recognize that steps have been taken to update and further clarify in the current TPS cooperative agreements the matching or cost share requirements and instructions for the budget which could aid the review of any future voluntary cost share amounts.