

# Federal Library & Information Network (FEDLINK) Inspection

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PUBLIC RELEASE

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


2023-SP-103  
September 2024



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

**MEMO**

**Date** September 4, 2024  
**To** Dr. Carla Hayden  
Librarian of Congress  
**From** Debbie Lehrich   
Acting Inspector General  
**Subject** Final Inspection Report – *Federal Library & Information Network (FEDLINK)*  
*Inspection, Report No. 2023-SP-103*

This transmits the final inspection report for the Office of the Inspector General's inspection of the Library of Congress's FEDLINK performed by Sikich CPA LLC.

Based on management's written response to the draft report, we consider all of the recommendations resolved. Your responses provided an action plan 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 Chief Operating Officer and FEDLINK.

**cc** Principal Deputy Librarian of Congress  
Chief Operating Officer  
FEDLINK Executive Director  
General Counsel

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**FEDERAL LIBRARY & INFORMATION NETWORK  
(FEDLINK) INSPECTION**

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

**INSPECTION REPORT**

**AUGUST 22, 2024**

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Debbie Lehrich  
Acting Inspector General  
Office of the Inspector General  
U.S. Library of Congress

Dear Ms. Lehrich,

Sikich CPA LLC (Sikich)<sup>1</sup> is pleased to submit the attached inspection report detailing the results of our assessment of the Library of Congress's (Library) Federal Library & Information Network.

The Library Office of the Inspector General (OIG) engaged Sikich to conduct this inspection pursuant to Contract Number LCOIG22D0001, Task Order OIG23T0009.

Sikich conducted this inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) *Quality Standards for Inspection and Evaluation*, as well as the *Statement on Standards for Consulting Services* promulgated by the American Institute of Certified Public Accountants (AICPA). Sikich performed this work from September 2023 through May 2024.

The standards described in the executive summary require that we plan and perform the inspection to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our inspection objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our inspection objectives.

Sincerely,

*Sikich CPA LLC*

Alexandria, VA  
August 22, 2024

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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 CLA's federal practice, including its work for the Library of Congress Office of the Inspector General.

## I. EXECUTIVE SUMMARY

In March 2023, CLA released a risk assessment report to OIG of the Federal Library & Information Network (FEDLINK), which identified risk domains applicable to FEDLINK. CLA developed, evaluated, and scored these risks in accordance with the Library of Congress's (Library) *Integrated Risk Management and Internal Control Guidance*, issued through the Library's Strategic Planning and Performance Management Office.

As a result of the work that CLA performed in 2023, the Library OIG engaged Sikich CPA LLC (referred to as "we" and "Sikich" in this report) to conduct an inspection to determine whether the Library has established adequate internal controls over FEDLINK to minimize its risk in the following areas:

1. FEDLINK Financial Reporting
2. FEDLINK Available Reserve Balance
3. Vendor Administrative Fees
4. G-Invoicing<sup>2</sup> Interface with Legislative Branch Financial Management System (LBFMS)<sup>3</sup>

We conducted our inspection of FEDLINK in accordance with the CIGIE *Quality Standards for Inspections and Evaluations* and the AICPA Consulting Standards.

Based on the procedures performed, we determined that FEDLINK's internal controls adequately minimize risk in two of the four areas noted above; however, we identified improvements that could strengthen its internal controls, particularly those related to financial reporting and vendor administrative fees.

We communicated the results of our procedures and the related findings and recommendations to FEDLINK and the OIG through two Notices of Findings and Recommendations. See Appendix B for management's response to our report.

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<sup>2</sup> G-Invoicing is a government initiative managed by the U.S. Department of Treasury aimed at addressing accounting and reporting challenges around buy and sell transactions by providing a common platform for inter-governmental transactions.

<sup>3</sup> LBFMS is the Library's central financial management system providing financial services for the Library and other legislative branch agencies.

## II. BACKGROUND

FEDLINK is an organization of federal agencies working together to achieve optimum use of the resources and facilities of federal libraries and information centers. FEDLINK serves as a forum for discussion of the policies, programs, procedures, and technologies that affect the federal information community and the services they provide to their agencies, Congress, the federal courts, and the American people. The mission of FEDLINK is to achieve better utilization of federal library and information resources; to provide the most cost-effective and efficient administrative mechanism for providing necessary services and materials to federal libraries and information centers; to serve as a forum for discussion of federal library and information policies, programs, and procedures; and to help inform Congress, federal agencies, and others concerned with libraries and information centers.

FEDLINK reports to the Library Enterprises (LE) Directorate, which falls under the Chief Operating Officer (COO) service unit. FEDLINK’s operations are organized into four departments, as presented in Figure 1 below.

**Figure 1: FEDLINK’s Organization**



In 2001, Congress established a statutory revolving fund for FEDLINK under Section 103 of Public Law 106-481 (2 U.S. Code § 182c) to support interagency procurement and library support efforts. This statute established one revolving fund for both FEDLINK and the Library’s Federal Research program; however, it also requires that the Library maintain separate accounts for each program. FEDLINK is authorized by statute to provide its services to other federal agencies, tribal governments, the District of Columbia, and organizations authorized to use federal sources of supply. Figure 2 below describes the six product lines that FEDLINK offers and their relative significance.

**Figure 2: FEDLINK Product Lines**

Product Line	Description	Estimated % of Business <sup>4</sup>
Books and Media	<ul style="list-style-type: none"> <li>Printed books</li> <li>E-books, audio books, and other media</li> </ul>	3.6%
Electronic Resources	<ul style="list-style-type: none"> <li>Databases</li> <li>Journals</li> </ul>	62.8%
Serial Subscriptions	<ul style="list-style-type: none"> <li>Print and online subscriptions to regularly published newspapers, magazines, and other professional publications</li> </ul>	20.2%

<sup>4</sup> Based on FEDLINK’s Invoice per Service Dollars and Fees Summary Report for Fiscal Year (FY) 2022. FEDLINK uses service dollars as its basis for calculating administrative fees.

Product Line	Description	Estimated % of Business <sup>4</sup>
	<ul style="list-style-type: none"> <li>Typically renewed on an annual basis</li> </ul>	
Preservation Services	<ul style="list-style-type: none"> <li>Digitization</li> <li>Conservation</li> <li>Training</li> </ul>	12.1%
Library Support Services	<ul style="list-style-type: none"> <li>Staffing for any library position</li> <li>Offsite cataloging services</li> </ul>	1.2%
Training	<ul style="list-style-type: none"> <li>Paid training</li> <li>Conference brokering</li> </ul>	0.1%

FEDLINK complies with the Federal Acquisition Regulation (FAR) for contracting, although, as a legislative branch agency, the Library is not subject to the FAR. FEDLINK complies with the FAR in part as a service to FEDLINK customers, the majority of which are executive branch agencies that are subject to the FAR.

FEDLINK offers two service options to its members<sup>5</sup>: Transfer Pay (the full-service option) and Direct Express (the self-service option). Figure 3 below compares the key features for each service option.

**Figure 3: Comparison of Transfer Pay and Direct Express Members Services**

Task Description	Transfer Pay	Direct Express
Contracting Agreement Between Customer and FEDLINK	<ul style="list-style-type: none"> <li>Member signs an interagency agreement (IAA) with FEDLINK and submits requirements and funding.</li> <li>FEDLINK competes and places order(s) with vendor(s).</li> </ul>	<ul style="list-style-type: none"> <li>Member cites FEDLINK contract on its purchase order, sends the purchase order to the vendor, and executes contract actions in accordance with the FAR or other regulations.</li> <li>Member sends FEDLINK a copy of the executed orders.</li> </ul>
Product Lines Offered <sup>6</sup>	<ul style="list-style-type: none"> <li>All</li> </ul>	<ul style="list-style-type: none"> <li>Electronic resources.</li> </ul>
Vendor Invoicing and Payment Processing	<ul style="list-style-type: none"> <li>Vendor invoices FEDLINK.</li> <li>FEDLINK pays vendor.</li> <li>FEDLINK sends the agency a monthly statement with copies of invoices, and the agency notifies FEDLINK if it does not receive the products or services.</li> </ul>	<ul style="list-style-type: none"> <li>Vendor invoices agency.</li> <li>Member pays vendor.</li> <li>Member manages delivery of products and services.</li> </ul>
Administrative Fee Charges	<ul style="list-style-type: none"> <li>Member pays FEDLINK an administrative fee (6 percent for IAAs less than \$500,000 and 4 percent for IAAs greater than \$500,000) for the services provided.</li> <li>Vendors pay FEDLINK an administrative fee of 0.75 percent of total sales for Electronic Resources orders only.</li> </ul>	<ul style="list-style-type: none"> <li>Vendors pay FEDLINK an administrative fee of 0.75 percent of total sales.</li> </ul>

<sup>5</sup> FEDLINK refers to its customers as members.

<sup>6</sup> See Figure 2 for a listing of the product lines available.

Figure 4 below presents the service dollars for Transfer Pay and Direct Express customers for the last 3 years.

**Figure 4: 3-Year Trend for Service Dollars (in millions)**

Service Dollars	FY 2021	FY 2022	FY 2023
Transfer Pay (based on customer orders per the IAAs)	\$62.5	\$68.6	\$69.6
Direct Express (based on sales reported by vendors)	165.5	189.4	203.5

During FY 2020, FEDLINK migrated from its standalone legacy financial system, System Management Information Network (SYMIN II), to LBFMS for contracts and fiscal operations. The Library implemented three LBFMS modules for FEDLINK: the project cost accounting system (PCAS), accounts receivable, and acquisitions. During the migration to PCAS, the Library only converted the open obligation balances for Transfer Pay customers; as such, FEDLINK continues to have access to detailed historical information in the legacy SYMIN II system. After the migration to LBFMS, FEDLINK began using the U.S. Department of the Treasury's (Treasury's) Invoice Processing Platform<sup>7</sup> (IPP) to pay vendor invoices for Transfer Pay customers.

FEDLINK segregated its revolving fund activities into two program codes in LBFMS, as follows:

- 850001 – FEDLINK Program Administrative
- 850002 – FEDLINK Program Services

FEDLINK uses Program Code 850001 to record revenue from the administrative fees for Transfer Pay and Direct Express members, as discussed in Figure 3. It also uses this code to record all costs of administering the FEDLINK program. These costs are comprised of three categories of expenses:

1. Salaries and benefits for FEDLINK personnel, except the Executive Director and Administrative Officer, who are included in the LE Directorate.
2. Non-personal expenses (e.g., printing and office supplies).
3. Internal Library charges for services provided under interagency agreements (IAAs) with the Library's Financial Services Directorate (FSD) and the Office of the Chief Information Officer (OCIO), as well as the Administrative Working Fund's indirect cost allocation to the revolving fund for overhead.

FEDLINK uses Program Code 850002 to record revenue and expenses for program services (i.e., FEDLINK's purchase of products and services on behalf of Transfer Pay customers).

As a revolving fund, FEDLINK's goal is to cover its costs, both direct and indirect, and to break even over the long term while having sufficient available reserves (i.e., equity) to provide for future needs (e.g., future capital improvements) and unforeseen circumstances. FEDLINK reviews its reserves bi-annually based on a reserve methodology that the LE Directorate and FSD provided.

<sup>7</sup> The Invoice Processing Platform is a secure, web-based service that more efficiently manages government invoicing from purchase order through payment notification, at no charge to federal agencies and their vendors.

All federal agencies were required to implement the Treasury's G-Invoicing platform for intragovernmental buy/sell transactions for new orders by October 1, 2022. FEDLINK implemented a manual phase in September 2022 that allowed FEDLINK to create IAAs for transfer pay customers in G-Invoicing; however, because there was no automatic interface between G-Invoicing and LBFMS, FEDLINK staff were required to enter data into both systems. FEDLINK has since developed an automated phase that took effect in 2024.

### III. INSPECTION RESULTS

We identified two areas in which the Library could improve its internal controls over financial reporting and vendor administration fees.

#### **Finding 1: FEDLINK Could Improve Its Internal Control Procedures Over Financial Reporting**

##### ***Background***

FEDLINK uses internally created financial reports for various monitoring activities, such as monitoring the rate of its progress in meeting budget and revenue targets based on current activities. As shown below, these reports are designed for management's use only, and FEDLINK does not develop them in accordance with generally accepted accounting principles (GAAP), as organizations are not required to follow GAAP for internal-use reports.<sup>8</sup> The reports include the following:

- a. **Bi-Weekly Report (Payroll and Non-Payroll).** This report shows the year-to-date totals for revenue and expenses during the prior pay period. It also compares the budget for the current fiscal year to the actual financial information from the prior year.
- b. **Spending Lines Detail.** This report shows all commitments, obligations, and expenses that FEDLINK's Program and Business Operating Centers have paid through the day prior to the date of the report.
- c. **Over-Under Execution Report.** This report compares FEDLINK's revenue and expense activities (in addition to the revenue and expense activities of other service units reporting to the COO) to the budget forecast for the period. Management uses this report to determine if revenue generation and expenditures are consistent with the period's forecast, particularly with regard to time-sensitive activities such as hiring, retirement, and obligations of funds for major contracts.

FEDLINK executes an IAA with FSD each year to outsource certain accounting and reporting functions, including a full trial balance<sup>9</sup> review, cash reconciliations, revenue recognition, internal eliminations, accrual entries, and assistance with the Library's audited financial statements.

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<sup>8</sup> Although it does not require organizations to use GAAP for internally developed financial reports, the Federal Accounting Standards Advisory Board's (FASAB's) Statement of Federal Financial Accounting Concepts 1: Objectives of Federal Financial Reporting, 10, states, "The objectives apply to both internal and external financial reports. They are intended to improve the relevance, consistency, and quality of accounting and other data available for a wide variety of applications."

<sup>9</sup> A trial balance is a financial report showing the closing balances of all accounts in the general ledger at a point in time.

**Condition**

We identified unreconciled differences between the FEDLINK program trial balance data that FSD prepared and comparable data presented in FEDLINK’s internal financial reports (i.e., revenue, expenses, and reserve balances).

**Criteria**

Library of Congress Regulation (LCR) 1-630, *Integrated Risk Management and Internal Control*, Section 2: Policy, states:

*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.*

The U.S. Government Accountability Office’s (GAO’s) *Standards for Internal Control in the Federal Government (Standards)* states:

*Principle 10 – Management should design control activities to achieve objectives and respond to risks.*

*Principle 12 – Management should implement control activities through policies. 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.*

**Cause**

FEDLINK does not have a procedure to reconcile the FEDLINK program trial balance data that FSD prepares to comparable data presented in FEDLINK’s internal financial reports (i.e., revenue, expenses, and reserve balances).

**Effect**

The unreconciled differences between the FEDLINK program trial balance data that FSD prepared and comparable data presented in FEDLINK’s internal financial reports could result in inaccurate programmatic and/or budgetary decisions. We present the amount of the differences and the applicable accounts below:

**Figure 5: Total Revenue<sup>10</sup> as of September 30, 2023**

Program Trial Balance	Internal Financial Reports	Difference
\$5,181,743	\$4,903,300	\$278,443

<sup>10</sup> We noted that FSD recognizes revenue in the FEDLINK program trial balance when it collects the revenue from Treasury, which may not be the period in which FEDLINK earned the revenue, whereas FEDLINK records revenue in the internal financial reports when the revenue is known and measurable.

**Figure 6: Total Expenses<sup>11</sup> as of September 30, 2023**

Program Trial Balance	Internal Financial Report	Difference
\$5,972,540	\$6,717,205	\$744,665

**Figure 7: Total Reserve Balance as of September 30, 2023**

Account Type	Program Trial Balance	Internal Financial Reports	Difference
Reserve Balance	\$8,746,034	\$8,746,034	\$0
Capital Investment	(\$150,196)	\$0	(\$150,196)
Operating Results	\$3,869,937	\$3,860,084	\$9,853
<b>Total Reserve Balance</b>	<b>\$12,465,775</b>	<b>\$12,606,118</b>	<b>\$140,343</b>

**Recommendation**

We recommend the Library:

- 1.1 Develop and implement monthly procedures to reconcile the FEDLINK program trial balance report with FEDLINK’s internal financial reports, including revenue, expenses, and reserve balances.

**Finding 2: FEDLINK Could Improve Its Internal Control Procedures Over Vendor Administration Fees**

**Background**

FEDLINK receives an administrative fee of 0.75 percent from vendors on the sale of electronic resources to Direct Express and Transfer Pay members. Under the FEDLINK contract, vendors are required to send FEDLINK a monthly report on the dollar value of sales, including the cumulative balance for the FY to date and the calculated administrative fee. Vendors must present this information separately for Direct Express and Transfer Pay customers. FEDLINK requires vendors to submit this information electronically within 30 days after month-end (e.g., the fee for sales that took place in March 2023 would be due within 30 days, or by April 30, 2023). Vendors must submit the report each month even if no sales occur (i.e., the vendor should report zero sales). Additionally, FEDLINK requires vendors to remit payment of the administrative fee monthly via Pay.gov<sup>12</sup> at the same time the report is due.

FEDLINK records Direct Express sales in the monthly report tab in the Direct Express workbook. The FEDLINK Fiscal Operations (FFO) Fiscal Analyst records the amount due in the Direct Express workbook and checks off the vendor on the Report Tracking list. The FFO Fiscal Analyst also reviews the All-Transaction Report from the Library Reporting System daily and matches Treasury’s Collections Information Repository payments to the fee amount reported in the Direct Express workbook. The FFO Fiscal Analyst reconciles the payment recorded in the Direct Express workbook to the All-Transaction Report to identify any payment issues, then prepares a final Direct Express Report for each month and submits it to FEDLINK management.

**Condition**

1. FEDLINK does not maintain documentation to support the FFO Senior Accountant’s review and approval of the monthly Direct Express reconciliation.

<sup>11</sup> Total expenses reported on the trial balance are comprised of operating/program expenses, other interest expense, benefit expense, imputed cost, and annual/compensation leave expense, while the Internal Financial Report includes expenses categorized only as either personnel or non-personnel expenses.

<sup>12</sup> Pay.gov is a website where you can fill out a government form or pay a bill to a United States government agency. Making a payment on Pay.gov is like purchasing something online and using Pay.gov is free.

2. We sampled 30 of the 66 vendor sales reports submitted during FY 2023 and noted the following:
  - a. The 30 sampled vendors were responsible for submitting a combined total of 360 monthly sales reports during FY 2023. We noted that for 15 of the 30 vendors—who submitted a total of 58 of the 360 monthly sales reports late, including 3 reports that were more than 30 days overdue—the FFO Fiscal Analyst sent follow-up communications after the sales reports and fee payments were due.
  - b. For six of the vendors that submitted at least one monthly sales report late, FEDLINK was not able to provide any evidence to support that the FFO Fiscal Analyst followed up with the vendors.
  - c. During FY 2023, the Library did not recognize \$273,274 of revenue in the proper accounting period, as required by LCR 6-410.1, *Revolving Funds*.

**Criteria**

LCR 1-630, *Integrated Risk Management and Internal Control*, Section 2: *Policy*, states:

*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.*

LCR 6-410.1, *Revolving Funds*, Section 7.1, *Management Controls*, states:

*Management controls provide reasonable assurance that accounting transactions are executed in accordance with the Library's prescribed standards and procedures and the financial statements accurately reflect the results of operations and financial position. Management controls provided reasonable assurance that assets are safeguarded against waste, loss, unauthorized use, and misappropriation.*

Section 9, *Relevant Accounting Principles*, 9.1, *Accrual Basis Accounting*, states:

*9.1.1 Library Policy is to prepare accrual basis financial reports in accordance with federal standards. In addition, appropriate records on obligations incurred and liquidated must be kept to provide information to assist in expenditure control and disbursement planning and for reporting on the status of funds.*

*9.1.2 Accrual basis accounting follows the matching principle. "Matching" means identifying and recording costs in the proper period, or matching costs against the income to which the costs relate, regardless of when cash is received or paid. For revolving funds, matching is the simultaneous recognition of the revenue and costs associated with a product or service. The following is the framework of accrual basis accounting:*

9.1.2.1. Revenues are recognized when they are earned rather than when they are received. For example, revenues are recognized when sales are made or products are delivered, so they can be related to the period when they occurred.

LCR 6-110, *Financial Management*, Section 3: *Definitions*, states:

*'Internal Controls' means the internal policies and procedures used to reasonably ensure that: (1) programs achieve their intended results; (2) resources are used consistent with the Library's mission; (3) programs and resources are protected from waste, fraud, and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decision making.*

The FEDLINK Direct Express Process Narrative states:

*The FEDLINK Direct Express Process Narrative is an internal document created by FEDLINK management to describe the FFO Direct Express Fee Reporting and Collection Process.*

1. *FEDLINK maintains a Direct Express workbook listing all Electronic Resources and Online Computer Library Center IDIQ contracts and tracks the submission of the monthly Vendor Sales Reports and payment status for both the Transfer Pay and Direct Express sales made during the prior month.*
2. *The FFO Fiscal Analyst communicates with the vendors by email to verify any missing sales discovered for Transfer pay transactions and requests that the vendor submit an updated Vendor Sales Report if the missing sales are confirmed.*
3. *The FFO Fiscal Analyst follows up with vendors for the status for outstanding payments and communicates with the Disbursing Office to locate payments reported by the vendors that have not been posted in the All-Transactions Report.*
4. *Beginning a week before the end of the month, FFO sends reminder emails to vendors who have not submitted their reports and have outstanding payments. Reminders are sent at one-week intervals until the reports and payments are received.*

GAO's *Standards* states:

*Principle 10 – Management should design control activities to achieve objectives and respond to risks.*

*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.*

## **Cause**

1. FEDLINK does not have procedures to require the FFO Senior Accountant to document their monthly review and approval of the Direct Express reconciliation.

2. Aside from sending follow-up emails as described in the FEDLINK Direct Express Process Narrative, FEDLINK did not have any procedures in place to follow up with vendors who did not submit monthly sales reports and payments in a timely manner.

***Effect***

1. Without documenting the review and approval of the monthly Direct Express reconciliation, FEDLINK increases the risk that it will understate revenue and/or not recognize revenue in the proper period.
2. Without timely following up with vendors who did not submit monthly sales reports and payments on time, FEDLINK increases the risk that it will not recognize revenue in the proper accounting period. Our testing resulted in FEDLINK not recognizing \$273,274 of revenue in the proper accounting period.

***Recommendations***

We recommend the Library:

- 2.1 Develop and/or update FEDLINK's written procedures to include a requirement to maintain documentation of the FFO Senior Accountant's review and approval of the monthly Direct Express reconciliation.
- 2.2 Develop and/or update FEDLINK's written procedures to establish an approach for following up with vendors who did not submit monthly sales reports and payments in a timely manner. Consider implementing a late fee policy for vendors who are delinquent for more than 45 days to incentivize timely compliance.

## Appendix A – Objectives, Scope, Methodology

The Library OIG engaged Sikich to conduct an inspection to determine whether the Library has established adequate internal controls over FEDLINK to minimize its risk in the following areas:

- FEDLINK Financial Reporting
- FEDLINK Available Reserve Balance
- Vendor Administrative Fees
- G-Invoicing Interface with LBFMS

To meet these objectives, we:

- Interviewed (1) Library representatives who oversee the FEDLINK program and (2) FSD regarding policies and procedures around the Library’s internal control program requirements, set forth in LCR 1-630.
- Reviewed and considered the FEDLINK Risk Assessment report issued by CLA.
- Inspected policies and procedures around the Library’s internal control program requirements, set forth in LCR 1-630 and Revolving Funds, set forth in LCD 6-410.1.
- Sampled transactions for the above areas and tested those transactions against the Library’s operating procedures and internal controls.

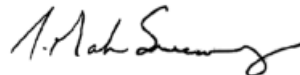
Sikich conducted this inspection in accordance with the CIGIE *Quality Standards for Inspection and Evaluation*, as well as the *Statement on Standards for Consulting Services* promulgated by AICPA. Sikich performed this work from September 2023 through May 2024.

## Appendix B – Management Response



Office of the Librarian

## MEMORANDUM

DATE August 14, 2024  
TO Deborah Lehrich, Acting Inspector General  
FROM J. Mark Sweeney, Principal Deputy Librarian of Congress   
SUBJECT Management Response to OIG report 2023-SP-103, Inspection of FEDLINK

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The Library of Congress generally concurs with the recommendations in the Office of the Inspector General (OIG) report on the Federal Library and Information Network (FEDLINK) operations.

FEDLINK's service to federal agencies and information centers includes leveraging the expertise of the Library of Congress and other member libraries to provide cost effective and efficient options for procurements of library materials and services. Maintaining appropriate internal controls and ensuring satisfactory management of vendor relationships are critical to the program's success. FEDLINK appreciates the OIG's recommendations to strengthen these areas.

FEDLINK has taken action to resolve the recommendations to document review and approval of monthly Direct Express reconciliation and follow-up with vendors relating to untimely sales and payment reports. The attached chart provides additional explanations and information on the Library's corrective action plan for the remaining recommendation.

cc: Edward Jablonski, Chief Operating Officer  
Meg Williams, General Counsel  
Melissa Blaschke, Director of FEDLINK

**Management Comments on Draft OIG Report No. 2023-SP-103  
FEDLINK Inspection Report**

Rec#	Recommendation	Resp. Office	Comments	Target completion
1.1	Develop and implement monthly procedures to reconcile the FEDLINK program trial balance report with FEDLINK's internal financial reports, including revenue, expenses, and reserve balances.	COO/FEDLINK	FEDLINK developed monthly procedures to reconcile the trial balance with FEDLINK internal financial reports on revenue. FEDLINK will continue to develop and implement monthly procedures to reconcile the trial balance with FEDLINK internal financial reports on expenses and reserve balances.	FY25 Q1
2.1	Develop and/or update FEDLINK's written procedures to include a requirement to maintain documentation of the FFO Senior Accountant's review and approval of the monthly Direct Express reconciliation.	COO/FEDLINK	FEDLINK updated the Direct Express written procedures to include maintaining signed documentation of the review and approval of the monthly Direct Express reconciliation by the Senior Accountant and/or FEDLINK Financial Manager.	Completed
2.2	Develop and/or update FEDLINK's written procedures to establish an approach for following up with vendors who did not submit monthly sales reports and payments in a timely manner. Consider implementing a late fee policy for vendors who are delinquent for more than 45 days to incentivize timely compliance.	COO/FEDLINK	FEDLINK updated the Direct Express written procedures to include an approach for following up on delinquent reports and payments including guidelines for the implementation of a late fee.	Completed