

FEDLINK Hotline Complaint Regarding the Timeliness of Processing Customer Orders

PUBLIC RELEASE

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

2018-SP-104
MAY 2019



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MEMO

Date May 10, 2019
To Dr. Carla Hayden
Librarian of Congress
From Kurt W. Hyde 
Inspector General
Subject Final Audit Report – *FEDLINK Hotline Complaint Regarding the Timeliness of Processing Customer Orders*, No. 2018-SP-104

This transmits our final report regarding two complaints received by the Office of the Inspector General Hotline about the Library of Congress' Federal Library and Information Network (FEDLINK). We engaged Cotton & Company LLP (Cotton) to evaluate the hotline complaint and report on it. The executive summary begins on page *i*, and the full text of Cotton's report begins in Appendix A.

Based on management's written responses to the draft report, we consider all of the recommendations resolved. Your response provided an action plan for the implementation of each recommendation, in accordance with LCR 9-160, *Rights and Responsibilities of Employees to the Inspector General*, §6.A. This report will be made publicly available.

We appreciate the cooperation and courtesies extended by the Office of the Chief Operating Officer during this review.

cc Deputy Principal Librarian of Congress
Chief Operating Officer
General Counsel

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Summary

The Library of Congress (Library) Office of the Inspector General (OIG) engaged Cotton & Company LLP (Cotton) to evaluate an OIG hotline complaint regarding the Federal Library and Information Network (FEDLINK) and two of its customers. FEDLINK serves federal libraries and information centers as a purchasing, training, and resource-sharing consortium. It supports more than 1,200 federal offices, providing training and a centralized procurement process for the acquisition of books, library support services, serials, and computer-based information retrieval services. FEDLINK's consolidated purchasing power enables the Library to negotiate contracts with more than 130 vendors.

What the Audit Found

The hotline complaint stated that delays occurred on the part of FEDLINK in ordering and having delivered serial subscriptions purchased by two FEDLINK customers. In both cases, the complainant claimed that FEDLINK did not process the orders within its procurement action lead time. In each case, the customers transferred \$336,000 (Customer 1) and \$200,000 (Customer 2), respectively, to FEDLINK for serial subscriptions to begin in 2018, but had not received a contract for the subscriptions.

Cotton's evaluation determined that FEDLINK was in the process of renewing its contract with its serial vendors, a process that occurs every five years. During this renewing period, FEDLINK, with the assistance of the Office of the General Counsel (OGC), enacted structural changes in the contracts that slowed down the reordering process. Nevertheless, FEDLINK executed the serial subscription orders for Customer 2 within the stipulated processing period of 90-120 days and for Customer 1, shortly thereafter. Cotton's review found that both customers were late in delivering their orders, resulting in the serial subscriptions arriving at their destinations after the requested date of January 1, 2018. To ensure that customers received serial subscriptions for the new-year beginning January 1, 2018, FEDLINK advised those customers they had to submit all of the required documentation to FEDLINK by September 22, 2017. This did not occur for either customer. FEDLINK sent numerous emails to customers beginning in

June 2017, to alert them about the upcoming deadlines for new serial subscriptions.

During Cotton's review, it identified three other matters in which FEDLINK could improve its services:

- FEDLINK needs a formal process in place for tracking, reviewing, and resolving issues from customers and vendors; it would allow FEDLINK to quickly identify and resolve systemic issues, thereby improving the services that FEDLINK provides to its customers.
- FEDLINK needs to confirm that the vendor actually provided the services to the customer before paying the invoice; instead, it sends a copy of the invoice to the customer for review after making the payment.
- FEDLINK should make efforts to increase customer awareness of the procurement timeline. FEDLINK management should expand notification of its 90–120 days procurement action lead time (PALT) by publishing it on its website to help ensure that customers understand the importance of submitting documentation and funding in a timely manner, as well as ensuring that customers are aware of the timeline for contract award.

Recommendations

In all, we made three recommendations.

Management Comments

In response to the draft report (see Appendix B), the Library's senior leadership agreed with all of the recommendations.

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Appendix A: Cotton & Company LLP's Report,
*Library of Congress, Review and Assessment
of a Hotline Complaint Regarding the
Federal Library and Information Network
Received by the Office of the Inspector General*

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Cotton &
Company

Answers Questioned

LIBRARY OF CONGRESS
REVIEW AND ASSESSMENT OF A HOTLINE COMPLAINT REGARDING THE
FEDERAL LIBRARY AND INFORMATION NETWORK
RECEIVED BY THE OFFICE OF THE INSPECTOR GENERAL

May 8, 2019

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LIBRARY OF CONGRESS
REVIEW AND ASSESSMENT OF A HOTLINE COMPLAINT REGARDING THE
FEDERAL LIBRARY AND INFORMATION NETWORK
RECEIVED BY THE OFFICE OF THE INSPECTOR GENERAL

EXECUTIVE SUMMARY

The Library of Congress (Library) Office of the Inspector General (OIG) engaged Cotton & Company LLP (Cotton & Company) to evaluate a hotline complaint related to two purchases made through the Federal Library and Information Network (FEDLINK). We conducted our evaluation in accordance with the Council of the Inspectors General on Integrity and Efficiency (CIGIE) *Quality Standards for Inspections and Evaluations*, as well as the Statement on Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants (AICPA).

The hotline complaint related to subscriptions for serials¹ that a customer had purchased through FEDLINK. Specifically, the customer stated that he had transferred funding to FEDLINK through an interagency agreement (IAA), but that FEDLINK had experienced delays in awarding the contract. The customer further stated that the alleged delays had impacted his organization's operations.

Cotton & Company reviewed the complaint and determined that the delay in procurement did not result from negligence or systemic issues at FEDLINK; instead, the delay was caused by a set of unusual and unforeseeable circumstances related to a need to re-procure the Indefinite Delivery/Indefinite Quantity (IDIQ) vendor contracts that FEDLINK uses to award task orders for customer contracts. However, we did note three other matters in which FEDLINK could improve its services. Specifically, FEDLINK should:

1. Institute a formal process for documenting customer service issues to ensure that it tracks and resolves these issues in a timely manner, as well as to assist in identifying and resolving recurring issues that may be impacting FEDLINK customers.
2. Improve its process for ensuring that customers received the contracted services before FEDLINK makes payments to vendors, to ensure that it does not pay for services that customers did not order or receive.
3. Make efforts to ensure that customers are aware of procurement timelines, including the expected timeline for receiving items purchased through FEDLINK.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives and scope of this evaluation included reviewing the hotline complaint and: (1) determining whether FEDLINK recorded and fulfilled the orders in a timely manner, (2) identifying the

¹ Serials are items published on a recurring basis. Customer 1, who filed the hotline complaint, indicated that most of the serial subscriptions his library purchases through FEDLINK consist of medical journals, and access to medical databases.

root causes of the breakdowns that contributed to the customer complaints, and (3) determining whether internal control weaknesses; inadequate supervision, review, management, reporting, or follow-up; or any other issues caused or contributed to the complaint.

Our evaluation methodology included:

- Obtaining and reviewing relevant documentation from the OIG, including an email chain from the complainant detailing the alleged procurement delays, a Library OIG Special Investigator's interview with the complainant,² and a report by Grant Thornton titled "Library of Congress Federal Library and Information Network (FEDLINK) Business Process Analysis and Recommendations," dated January 31, 2018.
- Obtaining FEDLINK's documentation related to the two orders included in the complaint and reviewing the files to determine whether FEDLINK processed and fulfilled the orders in a timely manner.
- Interviewing FEDLINK personnel to gain a general understanding of FEDLINK and its operations, including its processes for receiving, processing, and fulfilling orders; and its method of documenting and resolving customer complaints.
- Interviewing FEDLINK personnel to discuss the specific issues identified for the two orders in question, as well as issues related to internal controls, management reporting, FEDLINK policies and procedures, and the documentation of customer service issues.

BACKGROUND

The Library is the world's largest and most comprehensive library, maintaining a collection of more than 168 million items – many of them unique and irreplaceable – in more than 470 languages. The Library's mission is to engage, inspire, and inform Congress and the American people with a universal and enduring source of knowledge and creativity.

FEDLINK is an organization of federal agencies working together to achieve optimum use of the resources and facilities of federal libraries and information centers by promoting common services, coordinating and sharing available resources, and providing continuing professional education for federal library and information staff. FEDLINK serves as a forum for discussion of the policies, programs, procedures, and technologies that affect federal libraries and the information services they provide to their agencies, the Congress, the federal courts, and the American people.

FEDLINK serves federal libraries (customers) and information centers as a purchasing, training, and resource-sharing consortium. Customers can tap into the expertise of federal librarians, contracting officers, financial managers, and customer service representatives to obtain products and services at the best available prices. FEDLINK supports more than 1,200 federal offices, providing more cost-effective training and a centralized procurement process for the acquisition of books, library support services, serials, and computer-based information retrieval services. This consolidated purchasing power enables the Library to negotiate economical contracts with more than 130 vendors.

² The complainant (Customer 1) that contacted the OIG hotline referenced a second customer (Customer 2), which had allegedly experienced similar delays in receiving its FEDLINK contract for serial subscriptions. We made two attempts to contact Customer 2 via email to discuss its experience with FEDLINK; however, we did not receive a response.

FEDLINK HOTLINE COMPLAINT RECEIVED BY THE OIG

The Library OIG received a hotline complaint related to a customer's (Customer 1) purchase of serial subscriptions from FEDLINK. FEDLINK allows customers to order subscriptions to serials in both electronic and physical formats using the Transfer Pay/Assisted Acquisition method.³ To use this method, the customer must first enter into an IAA with FEDLINK. The customer uses the IAA to transfer the funding for the subscriptions to FEDLINK, which then enters into contracts with vendors for the required subscriptions. FEDLINK does not begin the acquisition process until the customer has provided a completed, funded IAA.

Customer 1 stated that he had used FEDLINK to purchase medical journals and access to medical databases for a medical library. Customer 1 alleged that in October 2017, the customer's library had entered into an IAA with FEDLINK and wired FEDLINK approximately \$336,000 for serial subscription services. These services were to begin on January 1, 2018, as the customer's existing contract for serials would expire at the end of 2017. The complainant stated that as of February 7, 2018, FEDLINK had not executed a contract for the customer's serial subscriptions, and as a result, the doctors who relied upon the subscriptions from the medical library had lost access to medical journals and databases. The complainant also stated that a second FEDLINK customer (Customer 2) was experiencing similar problems, as it had transferred approximately \$200,000 to FEDLINK for serial subscriptions to begin in 2018 but had not received a contract for the subscriptions.

We interviewed FEDLINK personnel and reviewed FEDLINK's documentation to determine whether FEDLINK had experienced delays in awarding the contracts for serial subscriptions, and if so, to determine the cause of the delays. We noted that FEDLINK received a completed IAA, title list, and funding from Customer 1 on November 3, 2017, and from Customer 2 on November 4, 2017. FEDLINK's website stated that customers that required their serial subscription services to begin on January 1, 2018, must submit all of the required documentation (i.e., the signed IAA, complete title list, and funding) to FEDLINK by September 22, 2017. Beginning in June 2017, FEDLINK sent numerous emails to customers to alert them of the upcoming deadlines for submitting the required documentation for new serial subscriptions.

In addition, we reviewed FEDLINK's procurement timeline, which indicated that the procurement process typically takes 90 to 120 days from the date the customer initiates the procurement by submitting all of the required documentation. FEDLINK received an email from Customer 1 requesting an update on the status of the serial subscription procurement on December 19, 2017, only 46 days after Customer 1 had initiated the procurement.⁴ Customer 1 sent several further emails regarding the alleged procurement delays, then submitted the complaint to the OIG hotline on February 7, 2018, only 96 days after initiating the procurement. FEDLINK awarded the Customer 2 contract on February 14, 2018, 102 days after Customer 2 initiated the procurement and therefore within the internal FEDLINK procurement timeline. The Library Office of General Counsel (OGC) reviewed the Customer 1 contract and approved it for award on March 20, 2018, 137 days after Customer 1 had initiated the procurement. However, the vendor FEDLINK had contracted with to provide the serial subscription services, identified

³ Customers were previously able to order serial subscriptions using the Direct Pay process. FEDLINK has retired this process; however, there are four customers that were grandfathered into the system and that are still using the Direct Pay process.

⁴ Customer 1 actually sent the request to its vendor which forwarded the email to FEDLINK.

an issue regarding multiple-site access at Customer 1's library, which impacted the pricing of the contract. This issue was not resolved until June 19, 2018, when the contract was signed.

In addition to the delays caused by the customers' late submittal of the necessary funding and documentation, FEDLINK experienced delays because it was in the process of re-procuring the IDIQs that it used to award the customers' contracts with vendors. FEDLINK typically awards serial IDIQs every five years. FEDLINK had last re-procured the IDIQs in 2016 but decided to re-procure the IDIQs in 2017 based on issues related to the pricing structure and inflexibility. However, FEDLINK experienced delays in awarding the IDIQs, which impacted its ability to award the customer task orders for serials. The delays in awarding the IDIQs were partly caused by amendments to the IDIQs to change language related to payment options, including removing language regarding Direct Express, and partly caused by addressing issues raised by OGC while reviewing and approving the contracts. Additionally, during the procurement process, the Library updated requirements for license agreements which had to be included in the contracts being awarded. This update required additional information being submitted by the vendors, and ultimately resulted in the need for additional discussions regarding the license agreement requirements. Each of these issues contributed to the IDIQ's being awarded later than planned. FEDLINK ultimately did not award the IDIQs until the beginning of February 2018.

When FEDLINK realized that it would not be able to award the IDIQs in time to complete the procurements for serial subscriptions that were required to start on January 1, 2018, it began working with OGC to award sole-source extensions for contracts that were expiring at the end of 2017. FEDLINK was able to award the 2018 contracts for Customer 1 and Customer 2 using this process. However, the situation had been unexpected and FEDLINK was required to undergo this sole-sourcing process for numerous customers; as such, FEDLINK did not have sufficient personnel to complete all of the contract extensions before the start of 2018.

During our review, we did identify three other matters in which FEDLINK could improve its services, as follows:

- 1. FEDLINK Does Not Formally Document Customer Service Issues.** FEDLINK does not have a formal process in place for tracking, reviewing, and resolving issues from customers and vendors. Implementing a formal process for centrally documenting customer issues could benefit FEDLINK, as it would allow FEDLINK to quickly identify and resolve systemic issues, thereby improving the services that FEDLINK provides to its customers. Implementing a formal process for tracking customer service issues related to contracts would also assist in ensuring that FEDLINK sufficiently documents issues to enable it to resolve the issues regardless of possible employee turnover. A formalized process would also assist in ensuring that all customer issues received are available to the FEDLINK personnel assigned to the relevant contract, regardless of the process by which the issue was submitted.

FEDLINK personnel confirmed that FEDLINK does not have a formal process in place for handling customer complaints; however, the personnel did note that FEDLINK is currently working to create such a process, including standardized forms for documenting issues. Personnel also stated that FEDLINK is developing scripts for responding to common customer questions or concerns.

2. FEDLINK Paid Vendors without Confirming Services. As noted above, FEDLINK requires its customers to use the Transfer Pay/Assisted Acquisition method when ordering serials. Once FEDLINK awards the contract and the vendor begins providing services to the customer, the vendor invoices FEDLINK directly. FEDLINK does not confirm that the vendor actually provided the services to the customer before paying the invoice; instead, it sends a copy of the invoice to the customer for review after making the payment. By not confirming that the vendor actually provided the services to the customer before paying the vendor for the services, FEDLINK increases its risk of paying for services that the vendor did not provide, or that the customer did not request. Although FEDLINK does send the invoice to the customer for review after it has made the payment, it would be a better practice for FEDLINK to attempt to confirm that the customer received the services before paying the invoice. However, FEDLINK has stated that it is difficult to obtain this confirmation; as such, it has chosen to rely on negative confirmation from its customers instead. FEDLINK noted that it has numerous steps in place to remind customers that they must alert FEDLINK if they do not receive their subscriptions. For example:

- FEDLINK holds training sessions twice per year; during these sessions, FEDLINK reminds its customers that they are responsible for alerting FEDLINK if they do not receive their serial subscriptions.
- The monthly statements that FEDLINK sends its customers include language stating that customers must alert FEDLINK if they do not receive their serial subscriptions.

FEDLINK is also currently drafting a document to send to customers when they enter into a serial subscription contract; this document will include a notification that customers are responsible for alerting FEDLINK if they do not receive their serial subscriptions. We believe that FEDLINK should take this additional action to aid in ensuring that customers receive the services for which they have paid.

3. FEDLINK Should Make Efforts to Increase Customer Awareness of the Procurement Timeline. FEDLINK received its first email from Customer 1 requesting an update on the status of the serial subscription procurement on December 19, 2017, only 46 days after Customer 1 initiated the procurement. Customer 1 submitted its complaint regarding the alleged delay to the OIG hotline on February 7, 2018, only 96 days after it had initiated the procurement. However, FEDLINK's procurement action lead time (PALT) is 90 to 120 days after the customer initiates a procurement. Increasing customer awareness of the PALT will help ensure that customers understand the importance of submitting documentation and funding in a timely manner, as well as ensuring that customers are aware of the timeline for contract award. FEDLINK management discussed the possibility of publishing the PALT on its website.

COTTON & COMPANY LLP



Michael W. Gillespie, CPA, CFE
Partner

Appendix B: Management Response



Office of the Librarian

MEMORANDUM

DATE April 25, 2019
TO Kurt Hyde, Inspector General
FROM J. Mark Sweeney, Principal Deputy Librarian of Congress
SUBJECT Management Response to OIG report 2018-SP-104

A handwritten signature in blue ink, appearing to be "JMS", located to the right of the "FROM" line.

We appreciate the opportunity to comment on the Office of the Inspector General's report evaluating hotline complaints regarding the Federal Library and Information Network (FEDLINK).

FEDLINK already has begun to address the recommendations in your report. The attached chart provides details regarding the Library's resolution plans and schedule.

In addition to the actions identified on the chart, please note that FEDLINK's standard interagency agreement terms currently include a requirement for customer agencies to report to FEDLINK when a vendor fails to deliver goods or services. And we agree that improvements in FEDLINK services, such as systematically tracking customer concerns and publicly publishing procurement action lead times, will prove mutually beneficial to both the Library and its customers.

Please contact me if you have questions.

Attachment

cc: Edward Jablonski, Chief Operating Officer
Laurie Neider, Director FEDLINK
Elizabeth Pugh, General Counsel

Management Comments on Draft OIG Report No. 2018-SP-104, FEDLINK Hotline Complaint

Recommendation	Comments	Target completion
1 Implement a formal process for: centrally documenting customer issues to allow FEDLINK to quickly identify and resolve systemic issues, thereby improving the services that FEDLINK provides to its customers; and tracking customer service issues related to contracts, thereby enabling FEDLINK to resolve the issues regardless of possible employee turnover.	Agree. FEDLINK plans to have a centralized reporting system by the end of FY19.	9/30/2019
2 Implement a document to send to serial subscription customers notifying them they are responsible for alerting FEDLINK if they do not receive their serial subscriptions.	Agree. FEDLINK uses negative confirmation (verified by the FSD accounting consultant, Grant Thornton) as a means to confirm any receipt issues. FEDLINK regularly reminds customers of their responsibility to contact FEDLINK immediately of any receipt issues. This is accomplished through: monthly statements, monthly bulletins, and training biannually. FEDLINK also has created new language to add to the award notifications for serials: Receipt of Materials and/or Electronic Access to Subscriptions "It is important to notify FEDLINK and your serials agent if you do not receive issue(s) or other services required for your serials subscriptions. Please review your FEDLINK monthly statements and invoices for accuracy. If there is an invoice discrepancy, notify FEDLINK immediately. FEDLINK relies on our customers to confirm that the government has received the products and/or services ordered." FEDLINK will add similar language to its Account Management web page.	May 2019
3 Increase customer awareness of the procurement action lead time (PALT)	Agree. In addition to the ongoing notifications via the FEDLINK bulletin and customer listserv, FEDLINK plans to add the PALT information onto the FEDLINK website.	6/1/2019