



FEDLINK Fiscal Operations
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Information Alert

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**TO: FEDLINK OCLC Members
FEDLINK Vendors**

FROM: Susan M. Tarr, Executive Director, FLICC

SUBJECT: OCLC Deficits

At the FEDLINK Advisory Council's (FAC) December 1998 meeting, members approved a new procedure for handling OCLC members who have failed to cover account deficits by the end of the fiscal year. Despite numerous notices to delinquent customers, FEDLINK Fiscal Operations (FFO) managers reported that the total of OCLC accounts in deficit for FY98 represent three percent of FEDLINK's annual OCLC payment.

The new procedure authorizes FFO managers to transfer any remaining balances in FEDLINK Training (FT) and Electronic Information Retrieval Services accounts to pay off member debt for OCLC services. (Interlibrary loan, books, and serials accounts are exempt unless the member chooses to apply them.) This transfer would be executed on remaining balances after the fiscal year has ended (i.e., after September 30) and after the last invoices for training and database services have been paid. Since training and database services are fiscal year specific, any remaining balances in those accounts can be considered excess funds, leaving those funds to cover member deficits without causing a negative impact to the member.

The recommendation to use remaining database funds approximately six months after the close of the fiscal year is a viable option based on the assumption that database vendors normally submit their invoices shortly after providing the service to the customer. For FT accounts, FEDLINK Network Operations (FNO) will perform extensive research to ensure that all FEDLINK training invoices have been submitted and paid, leaving the remaining funds available to cover OCLC deficits.

OCLC's organization of cooperating library members works together to increase availability of library resources and to reduce the rate of rise in library costs. To meet these objectives, OCLC networks, including FEDLINK, cooperate with OCLC to increase access to the OCLC System and to serve the needs of all member libraries. Because FEDLINK is the OCLC Federal Network, FEDLINK's contractual agreement with OCLC requires that bills be paid monthly; no portion of the invoice can be rejected due to insufficient funds in a member's account.

The Library of Congress network agreement with OCLC was issued on behalf of all the federal libraries and information center members of OCLC who participate in the FEDLINK program. As a result, FEDLINK is obligated to remain in good standing with OCLC so that all member libraries continue to have access to the OCLC System. If a few members fail to meet their financial obligations to the FEDLINK program, all federal OCLC members' status in the program is placed at risk. To ensure continued OCLC service, FEDLINK is compelled to create a process to recoup its expenditures to OCLC.

Below is a review of the step-by-step process for resolving OCLC member deficits. This process has been approved by the FAC and is already underway for FY98.

- All member agencies whose accounts have outstanding deficits will be analyzed to determine if there are remaining FT or electronic information retrieval service dollars to cover their deficit. If there are remaining funds, FEDLINK's Interagency Agreement (IAG) staff will call the IAG/Official Contact (IAG/OC) to alert them to the action(s) being taken with their accounts. FEDLINK IAG staff will then automatically move these funds to cover the member's OCLC deficit. Vendors will receive a copy of the delivery order decreasing the funding level. If the amount moved is still not adequate to cover the entire deficit and additional funds are needed, or if the member has no remaining funds on deposit that can be moved to cover the OCLC deficit, the IAG staff will ask the IAG/OC to submit to FEDLINK a request to add funds using the *New Service/New Funds IAG Amendment Request Form* within two business days to cover the deficit.
- If no FT or database service dollars are available, the IAG staff will then call the IAG/OC regarding any remaining book and serials funds in their account to give them the opportunity to verify if they have outstanding orders waiting to be filled against the remaining funds. If no outstanding orders exist against the remaining funds, the **member can elect to use those funds** to clear OCLC deficits by faxing to FEDLINK a *Transfer Pay Account Adjustment IAG Amendment Request* within two business days. Vendors will receive a copy of the delivery order decreasing the funding level.
- For members who have not taken action to resolve their OCLC deficit within the time specified, FEDLINK will take the necessary action to collect the funds via the Department of the Treasury's On-line Payment and Collection (OPAC) System for billing, collection, and payment of intergovernmental transactions. Members are reminded that this process is done at the agency's highest level.

These measures will streamline current billing and deficit reduction processes. FEDLINK will begin implementing this process first for FY98 deficits and then for prior year deficits (i.e. FY94, FY95, FY96, and FY97).

If you have questions regarding this procedure, please contact Mary R. Wilson, Fiscal Manager and Head of Accounts Payable at (202) 707-4970.
